

Security, Conflict and Cooperation
in the Contemporary World



Italy in the International System from Détente to the End of the Cold War The Underrated Ally

Edited by

**ANTONIO VARSORI AND
BENEDETTO ZACCARIA**



Security, Conflict and Cooperation in the Contemporary World

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Editors

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The Underrated Ally

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ABBREVIATIONS

ACP	African, Caribbean and Pacific countries
ACS	Archivio Centrale dello Stato, Rome
AEA	Archivos de l'Esercito de l'Ajre, Madrid
AGARD	Advisory Group for Aeronautical—and then Aerospace—Research and Development of NATO
AGIP	Azienda Generale Italiana Petroli
AMAE	Archives du Ministère des Affaires Etrangères, Paris
APC	Archive of the Italian Communist Party, Fondazione Istituto Gramsci, Rome
Asbi	Archivio Storico della Banca d'Italia
ASE	Archivio Storico ENI
ASI	Italian Space Agency
ATR	Avion de Transport Régional
BP	British Petroleum
CCMS	Committee on the Challenges of Modern Society
CERN	European Organization for Nuclear Research
CGIL	Confederazione Generale Italiana del Lavoro
CHAN	Centre historique des Archives nationales, Paris
CIA	Central Intelligence Agency
CIRA	Centro Italiano Ricerche Aerospaziali
CISE	Centro Informazioni Studi ed Esperienze, Italy
CISL	Confederazione Italiana Sindacati Lavoratori
CNES	French National Space Agency
CNR	National Research Council, Italy
CORI	Compagnia Ricerca Idrocarburi, Italy

CRU	Composite Reserve Unit
CSCE	Commission on Security and Cooperation in Europe
DAC	Development Assistance Committee, OECD
DC	Christian Democrat Party, Italy
EC	European Communities
EEC	European Economic Community
EMS	European Monetary System
EMS	Ente Minerario Sicilia, Italy
EMU	Economic and Monetary Union
ENEL	Ente Nazionale per l'Energia Elettrica, Italy
ENI	Ente Nazionale Idrocarburi, Italy
ESA	European Space Agency
ESRO	European Space Research Organisation
FAO	Food and Agriculture Organization
Fiat	Fabbrica Italiana Automobili Torino
FRELIMO	Frente de Libertação de Moçambique
FRG	Federal Republic of Germany
FRUS	Foreign Relations of the United States
GAA	Giulio Andreotti Archive, Istituto Sturzo, Rome
GAB	General Agreement to Borrow
GDP	Gross Domestic Product
GFL	Gerald Ford Library
GMP	Global Mediterranean Policy
GNP	Gross National Product
HAEU	Historical Archives of the European Union, Florence
ICGEB	International Centre for Genetic Engineering and Biotechnology
ICSU	International Council of Scientific Unions
ICTP	International Centre for Theoretical Physics
IEA	International Energy Agency
IGC	Inter-Governmental Conference
ILS	Istituto Luigi Sturzo, Rome
IMF	International Monetary Fund
INF	Intermediate-Range Nuclear Forces Treaty
IPALMO	Istituto per l'Africa, l'America Latina e il Medio Oriente, Italy
IRI	Istituto per la Ricostruzione Industriale, Italy
LDCs	Less Developed Countries
LIPETCO	Libyan General Petroleum Corporation
MARS	Microgravity Advanced Research and Support
MAU	Million Accounting Units
MDA	McDonnell Douglas Astronautics
MPLM	Mini Pressurized Logistics Module
NARA	National Archives and Records Administration

NASA	National Aeronautics and Space Administration
NATO	North Atlantic Treaty Organisation
NGO	Non-Governmental Organisation
NIEO	New International Economic Order
NOC	Libyan National Oil Corporation
OAPEC	Organization of Arab Petroleum Exporting Countries
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PCI	Partito Comunista Italiano
PLO	Palestine Liberation Organisation
PSDI	Partito Socialista Democratico Italiano
PSI	Partito Socialista Italiano
PSU	Partito Socialista Unificato
SCOPE	Scientific Committee on Problems of the Environment
SDI	Strategic Defense Initiative
SDR	Special Drawing Right
SEA	Single European Act
SNAM	Gas Pipeline National Company, Italy
SOC	Space Operation Center
SVIMEZ	Society for the Development of the Mezzogiorno
TNA	The National Archives, Kew
UDDA	Unione Democratica Dirigenti d'Azienda, Italy
UIL	Unione Italiana del Lavoro
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNGA	United Nations General Assembly
UNICEF	United Nations International Children's Emergency Fund
USA	United States of America
USSR	Union of Soviet Socialist Republics
WEU	Western European Union
WHO	World Health Organization

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Introduction

Antonio Varsori

The Italian historians who have recorded the history of the ‘First Republic’ have long focused attention mainly on internal problems (such as the party system, changes in Italian society and the development of the economy). Instead, the international dimension of Republican Italy appears to have aroused little interest—an attitude contrasting with the many studies on the international role played by the Fascist regime and, to a certain extent, also by liberal Italy, which emphasised Italy’s ambitions to become a great power and which exerted a considerable international influence.¹ Following the prevailing analyses and interpretations of the Republican era, in the immediate post-war period the moderate ruling class, especially the Christian Democrats led by Alcide De Gasperi, decided to align Italy with the Western powers, in particular the USA, through participation in the Marshall Plan and the Atlantic Alliance.

¹For a recent discussion on the Italian historiography dealing with Republican Italy’s international role, see, for example, Antonio Varsori, ‘Dalla storia delle relazioni internazionali alla storia globale? Il caso italiano fra tradizione e cauta innovazione’, *Ricerche di Storia Politica* 19, no. 3 (2016): 269–283.

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More or less at the same time, the Italian governments decided to take part in the integration process, promoted by France and West Germany, through involvement in the Schuman and Pléven Plans. After the collapse of the European Defence Community in summer 1954, Italy's participation in the 're-launching of Europe', from the Messina conference to the signing of the Rome Treaties, was an almost obvious sequel, in which Italy limited itself to acting as host to the most important conferences (in Messina, Venice and Rome). In the mid-1950s, the crisis of the British and French Empires in the Mediterranean and Middle East appeared to offer Italy some space for diplomatic manoeuvres in those areas, but this aspiration was short-lived, with few if any practical consequences. Although in the following decades Italy's foreign policy was limited to paying lip service to the Western alliance, traditional friendly relations with Washington, and the commitment to both the European ideal and the 'Mediterranean vocation' until the end of the Cold War, Italy was more a mere object, rather than a factor, in active foreign policy.²

Such reductive interpretations appeared to have been shared by non-Italian historians, both specialists in Italian affairs and Cold War scholars. The former mainly focused attention first on the Italian political system and later on Italian society.³ The latter, usually following secondary sources, argued that Italy represented an important aspect in the creation of a Western (that is, US) system in Europe and the Mediterranean, especially during the late 1940s. Italy then seemed to disappear from the Cold War scenario, to re-surface briefly in the 1970s, mainly when problems arose about Western fears of the growing electoral power enjoyed by the Italian Communist party (PCI).⁴ As regards the PCI, it is of some

²See, for example, the approach in a well-known history of modern and contemporary Italy: Giovanni Sabbatucci and Valerio Vidotto (eds.), *Storia d'Italia, La Repubblica 1943–1963*, vol. 5 (Roma/Bari: Laterza, 1998), which contains a chapter dealing with Italy's foreign policy; however, the editors thought that a specific chapter on this topic in the following volume *Storia d'Italia. L'Italia contemporanea. Dal 1963 a oggi*, vol. 6 (Roma/Bari: Laterza, 1999) was not necessary.

³See, for example, Martin Clark, *Modern Italy 1871–1982* (London/New York: Longman, 1984) and Paul Ginsborg, *Storia d'Italia dal dopoguerra a oggi* (Torino: Einaudi, 2006); Id., *L'Italia del tempo presente. Famiglia, società civile, Stato 1986–1996* (Torino: Einaudi, 2007).

⁴See, for example, John Lewis Gaddis, *The Cold War* (London: Allen Lane, 2006); see, as a further example, Norman Stone, *The Atlantic and Its Enemies. A History of the Cold War* (London: Penguin Books, 2011).

significance that, as early as the 1960s, its role had already aroused the interest of several US political scientists who, however, focused more on the influence exerted by the communist political culture in Italian society than on the PCI's position in the international context.⁵

The characteristics of foreign scholars' interest in post-war Italy have not changed, perhaps partly owing to the large amount of archival material available for the early Cold War period, which contrasts with the scarcity of Italian archival sources, especially those for later periods kept at the Italian Foreign Ministry. It is therefore not surprising that the two most recent contributions by non-Italian scholars on Italy during the Cold War cover the bi-lateral relationship between De Gasperi's Italy and Franco's Spain, and a re-assessment of Italy's 'American choice' between the late 1940s and the early 1950s.⁶

However, starting with the late 1990s, Italian historical research has undergone a radical change in its attitude towards the issue of the country's position during the whole Cold War era. The collapse of the traditional post-war party system and the end of the 'First Republic' have posed Italian historians with a series of important historiographical questions, of which one is: at the end of the Cold War in the Western world, why was it only Italy which underwent the collapse of its political system and the total annihilation of a whole political class—a process more similar to that which took place in the Communist bloc? Such a question led to the interpretation that, in the Italian case, the link between the international context and domestic developments was closer and more important than in other Western European nations.⁷ It was also argued that post-Cold War events, especially in the Mediterranean and Middle

⁵For an interpretation of the attitude of US political scientists towards the PCI see Valentine Lomellini, 'The PCI and the US: Rehearsal of a Difficult Dialogue in the Era of Détente', *Journal of Modern Italian Studies* 20, no. 3 (2015): 346–360.

⁶Pablo Del Hierro Lecea, *Spanish-Italian Relations and the Influence of the Major Powers, 1943–1957* (Basingstoke: Palgrave Macmillan, 2015); Kaeten Mistry, *The United States, Italy and the Origins of the Cold War: Waging Political Warfare 1945–1950* (Cambridge: Cambridge University Press, 2014). An exception is the work by Alessandro Brogi, *Confronting America. The Cold War between the United States and the communists in France and in Italy* (Chapel Hill: University of North Carolina Press, 2011). Although teaching in the USA, Brogi started his academic career in Italy.

⁷See, for example, Luca Caracciolo, *L'Italia alla ricerca di sé stessa*, in *Storia d'Italia*, 565–571; see also Simona Colarizi, *Biografia della prima Repubblica* (Roma/Bari: Laterza) 1998, 203–206.

East, until the ‘Arab Springs’ and the phenomenon of mass migration, proved that Italy’s international position had been greatly influenced, not only by the East–West conflict, but also by another international dynamic characteristic of the second half of the twentieth century: North–South relations. It may be argued that Italy was at the crossroads of these two dynamics, East–West and North–South. But such evaluations only led to further questions: was Italy only an ‘object’ of such contrasting dynamics? Were the Italian decision-makers unable to work out an autonomous foreign policy? Could turning-points, continuities and discontinuities in Italy’s international activities be identified? Last but not least, all these questions would pose the problem, as far as Italy’s international position was concerned, of the relationship among different but interlocking levels of analysis, as Italy’s international role was the outcome of interactions among various ‘*forces profondes*’, related not only to the political/diplomatic dimension. This meant that economic aspects were of great importance, especially when, starting with the ‘economic miracle’ of the late 1950s/early 1960s, Italy became one of the major industrialised powers, later to transform itself, albeit only for a short period in the 1980s, into the world’s fifth economic power.

Another important factor was the influence exerted by the parties’ political cultures: in Italy, the Cold War was not only a matter of foreign policy but also, and sometimes above all, one of domestic policy: the presence of the strongest and most influential Communist party in the Western world not only led to a political system which, for more than forty years, hindered any real change in governmental leadership (the ‘convention *ad excludendum*’, or the impossibility for the PCI to share any governmental responsibility, mainly due to international constraints),⁸ but also to a series of ambiguous links, undeclared or ill-concealed compromises between the moderate pro-Western political forces and the Italian Communists—ties which were not limited to the domain of domestic policy.⁹ This new approach to the history of Italy’s ‘First Republic’ was also favoured by the availability of many archival sources, mainly relating to the activities of the various political parties and some

⁸This formula became very common in the political discourse during the 1970s.

⁹On the complex, sometimes paradoxical, relations among the Italian political forces during the Cold War period, see the recent contribution by Guido Formigoni, *Storia d’Italia nella guerra fredda (1943–1978)* (Bologna: il Mulino, 2016).

of the country's most influential statesmen, from Alcide De Gasperi, Amintore Fanfani, Aldo Moro, Mariano Rumor and Giulio Andreotti to Bettino Craxi. During the last few years, new research projects have led to a series of significant contributions, both general in character and also on very specific issues.¹⁰

This volume represents the outcome of one of these research projects.¹¹ One of the main goals of our project was the publication of some of its results in English, in order to offer to a wide range of scholars, both in Italy and outside it, the opportunity to know more about the new interpretations of Italy's international role in the Cold War period, starting with the 1960s and ending with the late 1980s/early 1990s—that is, at the end of the Cold War and the collapse of Italy's 'Parties Republic'.¹²

Although most chapters are based on multiple research perspectives, it was thought to be of practical utility for readers to divide the volume into three sections, representing the main areas of research developed in the project. The first section mainly deals with political and diplomatic

¹⁰See for example Ugo De Siervo, Sandro Guerrieri and Antonio Varsori (eds.), *La prima legislatura repubblicana. Continuità e discontinuità nell'azione delle istituzioni*, 2 volumes (Roma: Carocci, 2004); Federico Romero and Antonio Varsori (eds.), *Nazione, interdipendenza, integrazione. Le relazioni internazionali dell'Italia 1917–1989*, vol. 1–2 (Roma: Carocci, 2005); Pier Luigi Ballini, Sandro Guerrieri and Antonio Varsori (eds.), *Le istituzioni repubblicane dal centrismo al centro-sinistra (1953–1968)* (Roma: Carocci, 2006); Simona Colarizi et al. (eds.), *Gli anni Ottanta come storia*, Soveria Mannelli, Rubbettino, 2004; *L'Italia repubblicana nella crisi degli anni Settanta*, 4 volumes (Soveria Mannelli: Rubbettino, 2004); *L'Italia contemporanea dagli anni Ottanta a oggi*, 3 volumes (Roma: Carocci, 2014); Piero Craveri, *De Gasperi* (Bologna: il Mulino, 2006); Agostino Giovagnoli and Luciano Tosi (eds.), *Amintore Fanfani e la politica estera italiana* (Venezia: Marsilio, 2010); Guido Formigoni, *Aldo Moro* (Bologna, il Mulino, 2017), Francesco Perfetti et al. (eds.), *Aldo Moro nell'Italia contemporanea*, Florence, Le Lettere, 2011; Mario Barone and Ennio Di Nolfo (eds.), *Giulio Andreotti. L'uomo, il cattolico, lo statista*, (Soveria Mannelli, Rubbettino, 2010); Antonio Varsori, *L'Italia e la fine della guerra fredda, La politica estera dei governi Andreotti 1989–1992*, Bologna, il Mulino, 2013.

¹¹The volume is the result of a project of national interest (PRIN): 'L'Italia nel contesto internazionale (1968–1981): crisi, trasformazioni, stabilizzazione', financed by the Italian Ministry for Education, University and Research. The project was headed by the University of Padova and has four groups (from the Universities of Padova, Trento, Bologna and Rome Tor Vergata).

¹²This definition was the title of a well-known history of the Italian Republic by the Catholic historian Pietro Scoppola, *La Repubblica dei partiti. Evoluzione e crisi di un sistema politico* (Bologna: il Mulino, 1991).

aspects. In this context, the Cold War and Italy's relationship with the USA appeared to be of paramount importance for understanding both Italy's international position and its foreign policy. The two essays, the first by Mario Del Pero and Federico Romero, and the second by Silvio Pons, highlight the complex and sometimes ambiguous role played by Italy during the Cold War era. Although Italy was not always the centre of US foreign policy in the conflict between East and West, the country was an important 'test case' of the developments and limitations of US international policy. In Washington, the main goal was always the achievement of an Italian internal situation characterised by stability and strong ties with the West, but between the late 1940s and the mid-1960s the US authorities also tried to favour the establishment of a progressive democracy, as well as a modern social system, strengthened by an internationally oriented economy.¹³ This ambitious project was abandoned between the late 1960s and the early 1970s: the USA, confronting not only the strongest communist party in the West but also a country blighted by a serious and long-drawn-out social, economic and institutional crisis, thought that mere stabilisation alone, achieved by various means (which did not exclude covert operations) would be the most important and indeed the only viable plan.

These difficulties in the implementation of US foreign policy were the outcome both of the complexity of the Italian domestic equilibrium and Rome's persisting international ambition of being recognised as a middle-ranking nation. As Silvio Pons shows in his chapter, unlike other Western European nations, the Cold War in Italy was not only a matter of foreign policy, but also one of domestic policy, due to the existence of the strongest and most influential communist party in the West. Especially during the 1970s, the PCI exerted an extraordinary influence on substantial sectors of Italian society (from the universities to the media) and on the political system (from parliament to the control of some important regions), which the moderate parties—in particular, the Christian Democrats—could not ignore. Such an ambiguous situation was strengthened by the *détente*, which seemed to give the PCI wider

¹³In this connection, see the substantial contribution by Leopoldo Nuti, *Gli Stati Uniti e l'apertura a sinistra: importanza e limiti della presenza americana in Italia* (Roma/Bari: Laterza, 1999).

scope for manoeuvre, in both Italy and the international arena.¹⁴ Only the worsening in relations between East and West and the ‘second Cold War’ appeared to lead to a more clear-cut internal balance, with the creation of a new, stable, moderate political formula—the ‘*pentapartito*’, or five-party coalition, and the resulting isolation of the PCI. In the 1980s, this stability and other favourable economic and social trends led to a new US–Italian relationship which, as demonstrated in Chap. 5, did seem to be based on a sort of equal partnership. This development, however, was mainly due to several promising external circumstances, such as the problems posed by the Euromissiles, and increasing US involvement in the Mediterranean area, and others. The end of the Cold War gave rise to a radical change in the patterns of relations between Washington and Rome although, even in the post-Cold War years, Italian politicians liked to believe in the existence of a sort of US–Italian– ‘special relationship’.

Europe, and especially its process of integration, was another important context in which Italy tried to express an active foreign policy. In this case, the aim to play the role of a medium-rank power and aspirations favouring economic and social progress were closely connected. In addition, as shown in Chap. 5, although the latter goal was substantially achieved, the former always represented serious obstacles to Italian decision-makers and diplomats, especially the dilemma caused by being an effective counterpart to the ‘French–German’ couple or trying to be constantly associated on equal grounds with the initiatives launched by the two major European partners. Once again, only in the early years of the centre-left experience and in the mid-1980s did Italy’s European policy appear to be fully operational: such situations were also influenced by the positive image enjoyed by Italy in the Western media, which in both cases emphasised the progress of Italian society and the achievements of the country’s economic system.¹⁵ The relevance of the Italian economy in the Western political and diplomatic context is described in Marinella Neri Gualdesi’s chapter, which deals with Italy’s involvement in the establishment of the G7. Although Italy’s participation in the Rambouillet conference was mainly the outcome of political

¹⁴See Silvio Pons, *Berlinguer e la fine del comunismo* (Torino: Einaudi, 2006).

¹⁵For an overall analysis of Italy’s European policy, see Antonio Varsori, *La Cenerentola d’Europa? L’Italia e l’integrazione europea dal 1947 a oggi* (Soveria Mannelli: Rubbettino, 2010).

considerations by the major Western powers about the impact of such a decision on Italy's internal balance, it was widely recognised that the Italian economy did play some role in the whole capitalist system.

Last but not least, throughout the Cold War, Italy tried to play an effective and influential role in the Mediterranean and the Middle East. Its aspirations sometimes clashed with the interests primarily of the traditional European imperial powers, and later led to a further ambiguous relationship with the USA, as Italy often aimed at being recognised by Washington as its 'representative', while at the same time trying to safeguard its image of a nation which was, 'by tradition', sympathetic towards the aspirations and ideals nurtured by 'Third World' countries. Once again, economic motives played a part in Italy's foreign policy, although the long-term trends in Rome's international position and the influence exerted by some geo-political factors cannot be neglected.¹⁶

The second section of this volume covers the economic context, although references to previous chapters have already demonstrated how foreign policy goals and economic ambitions were closely linked. In this connection, Francesco Petrini's chapter offers a new interpretation of Italy's economic transformation into an industrialised nation. Although, in his interpretation, the external constraints and the involvement of the Italian economic system in the wider Western economic trends of the second half of the twentieth century are of great importance, the specific domestic patterns in the development of the Italian industrial system during the Cold War decades underlay the crisis which had characterised the Italian economy since the early 1990s, that is, the post-Maastricht Treaty period. In turn, Daniele Caviglia focuses on specific aspects and a definite period, as regards Italy's role in the international economic system. In his chapter, which deals with Rome's monetary policy between the late 1950s and the early 1970s, he confirms the impact which certain features of the international monetary system had on the development of Italy's economy. Of some relevance, in Caviglia's interpretation, is the significance attributed by both Italian political and monetary authorities to the viability of the Bretton Woods system, which also marked one of the periods of greatest Italian involvement in various forms of

¹⁶In general, see Massimiliano Cricco and Daniele Caviglia, *La diplomazia italiana e gli equilibri mediterranei. La politica mediorientale dell'Italia dalla guerra dei sei giorni al conflitto dello Yom Kippur (1967–1973)* (Soveria Mannelli: Rubbettino, 2006).

monetary interdependence. This attitude definitely weakened during the 1960s, but the crisis of the Bretton Woods agreement came as a shock to Italy's economic 'unilateralism' and, as has also been pointed out in Neri Gualdesi's chapter and in mine, Italy's participation in the G7 and its involvement in the European Monetary System (EMS) were symbols of Italy's return to forms of multi-lateral economic cooperation.

Italy's energy policy was also an important feature in which international economic goals and foreign policy ambitions and constraints intersected more closely. Elisabetta Bini's chapter deals with Italy's oil policy during the 1970s, with particular emphasis on the period after the 'oil shock'. Her contribution demonstrates the importance of the energy factor, both in Italy's international economic system and in its international commitments, and highlights the relevance of the Mediterranean/Middle East dimension in shaping Italy's international position. Rome's stronger commitment towards the Arab world, as well as its increasingly positive attitude to the Palestinians' rights, starting in the early 1970s, were also the consequence of the energy needs of a nation whose industrial system was dependent on oil imports from Arab producers, although some of those nations were regarded as hostile to Western interests, as in the case of Muammar Ghaddafi's Libya. Bini's analysis also demonstrates how, in this sector as in other economic areas, the Italian state exerted a strong role, thanks to direct participation in the ownership of large companies such as the *Ente Nazionale Idrocarburi* (ENI), which greatly influenced the nation's energy policy.¹⁷

The third section of this volume deals with Italy's role in new approaches to the international system and the influence of its parties' political cultures on the nation's foreign policy. During the 1970s, the problem of the environment became an object of growing concern for the international community, with the increasing involvement of non-governmental organisations, the United Nations and most industrialised countries. In her chapter, Sara Lorenzini examines the reaction of the Italian governments to the emergence of this highly significant international debate, especially on the occasion of the Stockholm conference of 1972. In the author's interpretation, this episode demonstrates

¹⁷For a detailed analysis of this question, see Elisabetta Bini, *La potente benzina italiana. Guerra fredda, consumi di massa tra Italia, Stati Uniti e Terzo Mondo (1945–1973)* (Roma: Carocci, 2013).

the weaknesses which negatively influenced Italy's ambition to play an important role in the international arena: scant awareness of the political class, the inefficiency of bureaucratic structures, and lack of coordination between the scientific milieu and the governmental apparatus.

A more nuanced and less negative interpretation is offered by David Burigana in his chapter on relations among the industrial sector, the technocrats, the diplomats and some political *milieux*, in international industrial and technological cooperation for aviation and aerospace. In this case, Italy's industry played a quite substantial role. This situation was also the outcome of past traditions, of links developed with the US industrial world, partly due to Cold War cooperation in the military field, experience matured in the context of European integration and, last but not least, the role played by a tiny group of technocrats. The influence exerted on some aspects of Italy's international role by various experts (diplomats, technocrats, top personnel in the Bank of Italy, and some ministries and state-owned companies) has been noted in other chapters (Petrini, Caviglia and Bini) and represents an outstanding feature of Italy's international position, which extended well beyond the end of the Cold War.

In their essay, Valentine Lomellini and Benedetto Zaccaria describe party political cultures, particularly as regards the changing attitudes of the three major parties towards the USA between the 1960s and 1970s. In this context, the authors argue that these decades witnessed a *rap-prochement* among the Communists, Socialists and Catholics in their critical evaluation of the international role played by the USA. Although such an attitude was obvious, as far as the Communists were concerned, the Socialists and Catholics seemed to be influenced by the left-wing turn which had characterised Western societies in the post-1968 years. In addition, in the case of the Italian Catholic world, the Second Vatican Council played some part in the development of their position, as the Church was losing its prevailing traditional Eurocentrism in favour of an ecumenical attitude which emphasised the importance of the 'Third World'. The emergence of the 'Global South', with its call for a 'New Economic Order' and the strong political appeal of Third World ideals, contributed to the spread of harshly critical views of the US's international role. It may be added that the cultural roots, not only of the Communists, but also of both Socialists and Catholics, had always rejected the values of a capitalistic society. At the same time, the political leaders of the Christian Democrats and, to a lesser extent, of the Socialist

party, could not forget the vital bond which linked Italy to the Western system. For its part, the Communist leadership was aware of the international balance and, from a ‘realpolitik’ perspective, knew that only some alignment to the West could offer the PCI the opportunity to gain access to governmental responsibilities. European integration still had a weak identity which involved tiny *élites* and, although it represented useful ground for dialogue among the Italian political parties, especially owing to the PCI’s conversion to the ideals of a federal Europe, the USA could be criticised but maintained their pivotal role in Italy’s international position. The Christian Democrats, Socialists and Communists, although in different ways and to different extents, thus stated their loyalty to the West and the Western alliance. Nevertheless, as Lomellini and Zaccaria demonstrate, these contradictions also led to the search for a different America—‘*l'altra America*’—which still represented the ideals of a ‘true’ democracy. Once again, the political cultures of the three largest parties shared the view that this ‘different America’ could be found among dissenting movements, liberal intellectuals and the images of John and Robert Kennedy. In my chapter, I demonstrated that, during the second half of the 1980s, this ‘different America’ was about to disappear, at least temporarily, due to the growing perception of the emergence of the neo-liberal, globalising America of Reagan’s ‘neo-conservative revolution’. Although such a development was more the outcome of perception than reality, this dramatic change was largely accepted by the Christian Democrat and Socialist political leaders and, obviously, rejected by the Communists. However, Italian political cultures had serious problems in adapting to the cultural trend which now shaped Western society. Thus, it is not surprising that the European ideal and hopes for a European identity began to be re-discovered, especially by the Communists and Catholics, as a kind of alternative to a ‘conservative America’ or to the USA ‘*tout court*’.

Finally, on the basis of extensive multi-archival research, Elena Calandri argues that between the 1960s and 1970s, the problem of aid to development was mainly regarded by Italian decision-makers as an arena in which several political cultures, mainly the Communists, Socialists and Christian Democrats, could develop some kind of common identity and share foreign policy goals, although both economic constraints and the limitations of the Italian public administration led to weak initiatives and poor results. This situation contrasted sharply with the strong economic and political commitment by the Italian authorities

during the 1980s, although, in Calandri's interpretation, Italy's activism lacked both experience and a clear-cut strategy. This meant that the country's efforts to set up an effective development aid policy was undermined by the influence of traditional links with Italy's former colonial empire, as well as by the parties' petty compromises and widespread corruption. It is therefore not surprising that development aid became one of the burning issues in judicial inquiries regarding bribery and corruption, as in '*Mani pulite*' ('Clean hands').¹⁸

This volume does not cover the post-Cold War period, but its chapters highlight the specific characteristics of Italy's international position, its intricacy and its ambiguity, the result of the complexities of its domestic political and social situation, partially counterbalanced by the country's growing interdependence with the Western economic system and the various Western and West European organisations. The essays in this volume also demonstrate the existence of an Italian foreign policy. Although not devoid of serious weaknesses and inconsistencies, Italy's international initiatives were also characterised by traditional aspirations, the safeguarding of national interests, and deep-rooted historical and geo-political trends. We also argue that, throughout the Cold War period, although sometimes an under-rated ally and a not over-reliable partner, Italy was an important factor in the Western system and a vital element in the West European subsystem. Conversely, the Cold War shaped and greatly influenced Italy's internal balance.

Both external and domestic equilibria were seriously challenged, if not completely superseded, when the Cold War ended. This paved the way to a 'different' Italy, which began to look mainly to the European Union for the reconstruction of both internal equilibrium and an international role, and the search for a new national and international identity.

¹⁸This point is thoroughly discussed in Elena Calandri, *Prima della globalizzazione. L'Italia, la cooperazione allo sviluppo e la guerra fredda 1955–1995* (Padova: CEDAM, 2013).

PART I

The Political and Diplomatic Dimensions
of Italy's Foreign Policy

The United States, Italy and the Cold War: Interpreting and Periodising a Contradictory and Complicated Relationship

Mario Del Pero and Federico Romero

INTRODUCTION

During the Cold War, three goals informed US policies in Italy, shaping the relationship between Washington and Rome. The first goal was to find, or help to build, a reliable, robust and trustworthy anti-communist ally: in particular, a government which could contribute both to the broader international strategy of containment of the Soviet Union in Europe and to the anti-communist struggle in Italy against the forces—initially the socialists, represented by the *Partito Socialista Italiano* (PSI) and the communists' *Partito Comunista Italiano* (PCI)—which supported Moscow. The second aim was to anchor Italy to the US-led Western security system, constructed and consolidated in the

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early post-war years. While the Italian peninsula was subordinate to other theatres—in other words, it was never at the core of the Soviet–US geopolitical antagonism—it still represented one of the front lines of the Cold War, due to its north-eastern borders with Yugoslavia and occupied (then neutral) Austria, and—more importantly—to the strategic relevance of its position in the Mediterranean. The latter factor was soon emphasised by the US joint chiefs of staff, who exerted pressure on the Truman administration to include Italy among the founders of the Atlantic Alliance.¹ For the United States, the geopolitical importance of Italy varied, derivatively, according to what was happening in the Middle East and the Mediterranean. The former's increasing importance in the Cold War accentuated both the importance of Italy as an ally and that of the military installations which Washington soon came to control in the country.² Lastly: this security system was complemented and sustained by the other US-engineered pillar of the post-World War II system: an international, albeit far from global, liberal order based on the gold/dollar standard, and the unusual compromise between a gradual (but theoretically inexorable) liberalisation of trade on one hand and a high degree of state intervention on the other. Italy occupied a specific place in this peculiar form of 'embedded liberalism':³ it was part of the increasingly integrated West European component of such a regime and was presumed to be among the main beneficiaries of the transformations that this order promised to bring. For the USA, 'embedded liberalisation' was both a goal and a tool. It aimed at fostering trade and economic interdependence, thus helping growth and generating profitable opportunities for US investors; but it was also a device meant to anchor a substantial cluster of allies around the US–Atlantic pole and to help democratic

¹ *Foreign Relations of the United States* (hereafter FRUS), 1948, vol. III, Western Europe, doc. 476, Memorandum by the Joint Chiefs of Staff for the Secretary of Defense (Forrestal), March 10 1948, <https://history.state.gov/historicaldocuments/frus1948v03/d476> (Accessed 9 October 2015).

² Alessandro Brogi, *L'Italia e l'egemonia americana nel Mediterraneo* (Florence: La Nuova Italia, 1996); Elena Calandri, *Il Mediterraneo e la difesa dell'Occidente 1947–1956. Eredità imperiali e logiche della guerra fredda* (Florence: Il Maestrale, 1997); Effie Padaliu, *Britain, Italy and the Origins of the Cold War* (Basingstoke: Palgrave Macmillan, 2003).

³ John G. Ruggie, 'International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order', *International Organisation* 36, no. 2 (1982): 379–415; John G. Ikenberry, *After Victory: Institutions, Strategic Restraint, and the Rebuilding of Order After Major Wars* (Princeton: Princeton University Press, 2000).

transitions in former authoritarian states, such as Italy. Economic liberalisation and democratic stabilisation—so the argument went—were concepts which had to proceed together, for mutual reinforcement.⁴

Vis-à-vis these three objectives, several variables converged (and often collided) in the equation which informed US–Italian relations from 1945 to the end of the Cold War, determining forms and consequences of the US presence in Italy – and also much of the country’s political life – during that period. The first variable was the foreign policy and grand strategy of the USA itself; or, rather, the mutability of its policies and grand strategies, which were often altered according to evolving circumstances, electoral cycles and changes of administration. To put it plainly: while the fundamental goals remained more or less unchanged over the years, the ways in which they were achieved varied, sometimes profoundly.⁵ The second variable involved the agency that Italy—like other greater and lesser US allies during the Cold War—could display, and the use various Italian governments made of it. It was not so much the ‘tyranny of the weak’, as it has sometimes been called, as the relationship remained highly unbalanced and asymmetrical. However, like many other ‘minor’ Cold War actors, Italy and some of its political forces, *in primis* the ruling party, the Christian Democrats (*Democrazia Cristiana*, DC) did their best to extract the maximum advantage from the Cold War, exploiting their quasi-indispensability while often trying to limit, influence and reduce US pressures and demands. The game played by the Italian side of this relationship was thus constantly informed by the attempt simultaneously to temper, exploit and negotiate the forms by means of which the Cold War (and the US presence) were to affect the Italian political and economic landscape.⁶

The last variable was the Cold War itself and the broader international environment, which passed through various transformations, with moments of high tension and *détente*, of escalation or attenuation of this

⁴Federico Romero, *Storia della Guerra Fredda: l'ultimo conflitto per l'Europa* (Torino: Einaudi, 2009); Charles S. Maier, *The Cold War in Europe* (New York: M. Wiener Pub, 1991); John L. Harper, *America and the Reconstruction of Italy, 1945–1948* (Cambridge: Cambridge University Press, 1986).

⁵Mario Del Pero, ‘Containing Containment. Re-thinking Italy’s Experience During the Cold War’, *Journal of Modern Italian Studies* 8, no. 4 (2003): 532–555.

⁶Mario Del Pero, *L’alleato scomodo: gli USA e la DC negli anni del centrismo (1948–1955)* (Rome: Carocci, 2001).

bipolar antagonism.⁷ Since the position of Italy depended on more general trends and dynamics—its geopolitical role clearly being conditioned by the evolution of the broader context—these Cold War fluctuations greatly affected the country. In other words, there was a close although not necessarily synergic correlation between the transformation of the Cold War at large and the more specific ‘Italian Cold War’: between the general and the particular, the global and the regional.

With all these elements in mind—the variables and constants which concurred to determine the forms and consequences of the policies promoted by the USA with regard to Italy during the Cold War—we suggest a tripartite periodisation-and-modelling which helps to define a few key elements and provides a general interpretative framework. This periodisation involves two crucial turning-points which subdivide the conventional 1945–89 chronology of the Cold War: the first in the early- to mid-1960s, and the second in the mid- to late-1970s. We believe this can clarify some of the paradoxes produced by the interaction between the particular and the general during the various phases of the Cold War.

TRANSFORMING ITALY, CONTAINING US PRESSURES: THE EARLY COLD WAR YEARS

However much the US top military echelons emphasised the strategic importance of the Italian peninsula, Italy was not among the immediate concerns of the Truman administration in the immediate post-World War II years. The heart of the dilemma the USA faced—the early initiator and driver of the clash with the Soviet Union—was Central Europe, and Germany in particular. With military demobilisation in full swing and US public opinion reluctant to support endless and costly obligations in Europe, a series of priorities had to be established—and Italy did not initially appear high on that list. Nevertheless, US commitment to Italy (and Washington’s attention to Italian matters) increased inexorably.

⁷Romero, *Storia della Guerra Fredda*; Odd Arne Westad, *The Global Cold War: Third World Interventions and the Making of Our Times* (Cambridge: Cambridge University Press, 2005).

Several factors contributed to this. It was a consequence of the more general decision to drop some of the minimalist strategic and political plans of the war years, reverse the early demobilization and accept a quasi-permanent presence in Western Europe. It was the byproduct of a concern with credibility, bound to become an obsession, that would saturate US foreign policy during the Cold War and gradually erase any practical and conceptual geopolitical hierarchy, each area being equally important, and thus “un-losable”, in a zero-sum game view of the Cold War in which the credibility of the anti-Communist/Soviet commitment had to be constantly reaffirmed and demonstrated. In other words, Italy became important not in itself but for what it represented: for its symbolic value in the larger scheme of things, as the ‘loss of Italy’ could do great damage to the credibility of the USA *vis-à-vis* its allies and enemies, emboldening the latter and demoralising the former. All of this was made more plausible, and strategically rational, by the active presence in Italy of the largest communist and pro-Soviet party in the soon-to-be formalised, US-led, Western bloc. That Italy might ‘go communist’ by electoral means was a definite possibility. Equally clear was US anxiety about a possible domino effect in Southern and Western Europe.⁸

In this first phase of the Cold War, what was particularly striking was not so much the fears of the Truman administrations—exaggerated or based on a simplified interpretation of the Italian situation as they undoubtedly were—but the timidity and sluggishness of the initial response. At least until the crucial parliamentary elections of 1948, there was a gap between rhetoric and action, words and deeds, epitomised by the limited economic aid provided by the USA to an interlocutor—the Italian government led by the Christian Democrat Alcide De Gasperi—eager to make use of its newfound strategic significance.⁹ The convergence between the US and Italian governments was slow to develop, impaired as it was by mutual suspicion, reciprocal stereotypes, frequent misunderstandings and a very slow awakening to the new, radical realities of the nascent Cold War competition.

⁸Frank Ninkovich, *Modernity and Power. A History of the Domino Theory in the Twentieth Century* (Chicago: The University of Chicago Press, 1994); Melvyn P. Leffler, *For the Soul of Mankind: The United States, the Soviet Union, and the Cold War* (New York: Hill and Wang, 2007).

⁹Guido Formigoni, *La Democrazia Cristiana e l'alleanza occidentale: 1943–1953* (Bologna: il Mulino, 1996).

The two-year period of 1948–49 was in many ways a watershed, destined to crystallise some fixtures in both US–Italian relations and Italy’s domestic Cold War. The Italian elections in April 1948 granted the Christian Democrats and its allies an uncontested majority in the new parliament. It was not a straightforward success for the USA, which mistrusted the clericalism and conservatism of the DC and had placed its bets on its smaller allies which, in fact, had fared quite poorly at the polls. And it was an election in which domestic factors and actors, including the Catholic Church and its broad networks of groups and associations, had played a decisive role. Nevertheless, the perception in Washington was that of a clear-cut success, vindicating US involvement in the electoral campaign through the use of overt and covert channels, transparent public diplomacy means, and new, unorthodox forms of psychological warfare. Based on the double assumption that the USA had identified ways and means of waging an unconventional battle with the Soviet Union and its local proxies, and had crafted the tools to shape the electoral processes in other countries, this misunderstanding was bound to have major long-term repercussions, in Italy and elsewhere. Although the Italian precedent in 1948 acquired model status, becoming a timeless analogical lesson deemed to be applicable to other national contexts, the relationship with the electorally empowered DC ally immediately became more tense and fragile.¹⁰

We shall soon return to this latter aspect. Let us now examine the other two poles of the 1948–49 turning-point, which themselves had the paradoxical double effect of consolidating the relationship between the two governments while at the same time exacerbating their misunderstanding of each other. The first pole was, of course, the Marshall Plan, the announcement of which in June 1947 and later approval by Congress, although not decisive, certainly helped pro-US forces at the polls. Much has been written about this plan, the US projects—in Italy and elsewhere in Europe—and their diverse, partial reception by the many nations.¹¹ With all its peculiarities, the implementation of the plan

¹⁰Kaeten Mistry, *The United States, Italy and the Origins of the Cold War: Waging Political Warfare, 1945–1950* (Cambridge: Cambridge University Press, 2014); James E. Miller, ‘Taking Off the Gloves. The United States and the Italian Elections of 1948’, *Diplomatic History* 7, no. 1 (1983): 35–56.

¹¹Alan S. Milward, *The Reconstruction of Western Europe, 1945–51* (Berkeley: University of California Press, 1984), David W. Ellwood, *Rebuilding Europe: Western Europe, America, and Postwar Reconstruction* (London/New York: Longman, 1992).

in Italy certainly helped to further the internationalisation and progressive Europeanisation of the Italian economy: it was a key tool in constructing the post-war liberal international order and defining Italy's role in that order. In the short term, however, it also injected additional poison into the relationship between the USA and its junior ally. Italy often resisted pressure from US officials in the country, who urged expansionary use of Marshall Plan aid in order to stimulate the economy, promote significant reforms and help to develop the fixed social capital which Italy sorely lacked.¹²

All these difficulties were somehow compounded by the third problem, the institutionalisation of a common Western sphere of security through the creation of a North Atlantic defensive alliance. Many questions influenced the talks preceding the ratification, in April 1949, of the North Atlantic Pact. Whether to admit Italy or not was one of the most contentious. Italy's military weakness, accentuated by the punitive clauses of the 1947 peace treaty, and the country's past diplomatic unreliability, seemed to point against its inclusion. In fact, from the US president to the senior members of the Senate's Foreign Affairs Committee, most US policy-makers opposed the admission of Italy. In the end, the decisive factors in the discussion were Italy's fragility and France's intense lobbying. Italy was accepted, not for what it could bring to the alliance (relatively little, at least in 1949), but for what it lacked (political solidity) and what it risked losing—a solid anti-communist, Western-leaning government—if its de facto application were rejected. Political and psychological considerations were thus paramount in the decision. Anchoring Italy to the 'West' via the Atlantic Alliance meant strengthening the De Gasperi's government, preventing neutralist temptations and further reinforcing the path undertaken by the country as a consequence of its inclusion in the US sphere of influence and liberal capitalist order.¹³

¹²Among the vast literature on the Marshall Plan in Italy, see Carlo Spagnolo, *La stabilizzazione incompiuta* (Roma: Carocci, 2001); Stefano Battilossi, *L'Italia nel sistema economico internazionale* (Milano: Franco Angeli, 1996); Mauro Campus, *Gli Stati Uniti, l'Italia e il Piano Marshall* (Roma/Bari: Laterza, 2008).

¹³Timothy E. Smith, *The United States, Italy and NATO, 1947-52* (New York: St. Martin's Press, 1991); Antonio Varsori, 'La scelta occidentale dell'Italia 1948-1949', *Storia delle relazioni internazionali* 1, no. 1 (1985): 95-135 and 1, no. 2 (1985): 303-368; Mario Del Pero, 'When the High Seas Reached the Italian Shores. Italy's Inclusion in the Atlantic Communitas', in *Defining the Atlantic Community. Culture, Intellectuals, and Policies in the Mid-Twentieth Century*, ed. Marco Mariano (London: Routledge, 2010), 161-173.

Again, however, the time was ripe for fomenting misunderstandings, frictions and clashes. A militarily weak country, still marked by the legacy of the war, with domestic public opinion harbouring pervasive anti-militarist and pacifist feelings, was included in a structure which, in the atmosphere of an intensified and globalised Cold War, would soon ask its members to contribute to common defense.

It is here that we can see the most important contradiction of the 1948–49 turning-point: the different significance that this progressive ‘Atlantisation’ or ‘Westernisation’ of Italy had, or was meant to have, for the two sides, Washington and Rome. For most US officials and policy-makers, the choices made were intended to lay the foundations of a profound transformation of Italy, by the liberalisation and modernisation of both its economy and its political system, and a U-turn conversion of a strategic culture still imbued with pre-Cold War assumptions and geopolitical nationalism. For the Italian counterparts, and certainly for many sectors of the DC and the state apparatus, the decisions taken in 1948–49 meant that the country had immunised itself against the risk of Soviet-directed communist contagion, securing both US protection and economic aid. The aim was now to consolidate these gains while minimising the commitments, costs and obligations which its inclusion in the Western *communitas* inevitably entailed.¹⁴

This basic dialectics remained in play for the subsequent four decades. Washington solicited its Italian partners to accept the duties which came with the benefits (economic aid and military protection) resulting from having become ‘Atlantic’. Rome maintained that in what was a very unequal rapport, Italy was already offering a lot, first and foremost the local containment of communism and some quasi-imperial privileges the United States would soon enjoy thanks to the accords disciplining the presence of US troops and bases on the Italian territory.¹⁵

¹⁴Federico Romero, *Gli Stati Uniti in Italia: il Piano Marshall e la NATO*, in *Storia dell'Italia repubblicana*, vol. I, ed. Francesco Barbagallo (Torino: Einaudi, 1994), 231–289.

¹⁵Simon Duke, *United States Military Forces and Installations in Europe* (Oxford: Oxford University Press, 1989), 194–213.

This kind of dialectical tension was to intensify when some of the above variables increased their effect and pressure on the system and its various actors. This was the case for most of the 1950s, particularly when Clare Boothe Luce was Eisenhower's Ambassador in Rome (1953–1956). From 1951, Washington began asking the Italian government to adopt more resolute action against what it considered to be Moscow's 'fifth columns' in Italy. The measures contemplated by the USA included the possibility of outlawing the Italian Communist party. This request was matched by insistent demands to intervene in some structural features of the Italian economic system, through combined action against both its protectionism and its inefficiency. The proposals changed, sometimes radically, as a consequence of who was in power in Washington: Truman's 'New Dealers' had stressed the importance of adopting Keynesian, expansionary fiscal policies, whereas the Eisenhower–Luce years were marked by a *laissez-faire* approach which highlighted Italy's delay in opening up its economy to private foreign investments. However, the underlying assumption was the same—that is, the need for (and inherent possibility of) a profound transformation of Italy, rendered necessary by Cold War imperatives and made feasible by the Cold War actions undertaken in the previous years. This somewhat ambiguous logic was that, having made Italy 'Atlantic' in the first place would guarantee making it more 'Atlantic' in the following years.

Frustrations and conflicts inevitably ensued, marking the history of US–Italian relations during the Cold War. Italian interlocutors, particularly the DC leaders who succeeded De Gasperi after 1953, competed among themselves in attempts to be, and publicly present themselves, as Washington's most reliable partners. The relationship with Washington became, or at least was perceived to be, a sort of 'litmus test' which politicians and political parties needed in order to validate their governmental credentials. In other words, 'Atlanticism' became the yardstick by which to measure the quality and reliability of those who aspired to govern in Italy. The inner ambiguity of what such 'Atlanticism' was really meant to be and how it should be identified, led to both frequent and inevitable short-circuits. Within the USA, the late 1950s and early 1960s were marked by discussions on whether (or not) to enlarge the governmental majority of the PSI, which had abandoned its original pro-Sovietism and embarked on a half-hearted, contradictory, yet sustained trajectory towards 'Atlanticism', in both the economic sphere (the liberal capitalist order) and the strategic/security realm (the Atlantic

Alliance and its organisation, NATO).¹⁶ Although Ambassador Luce had supported an opening of the DC-led majority to the right, and had even flirted with neo-authoritarian solutions to the chronic instability of the Italian governments, many in the US government (including liberal-oriented analysts in the CIA) believed that it was only by shifting the government's centre of gravity to the left could Italy undertake those pressing reforms necessary to its modernisation and, indeed, 'Atlanticisation'.

These conflicting strategies reflected the differing interpretations of what Atlanticism meant in the Italian context. For Clare Boothe Luce and other conservatives, it meant preventing any defection of Italy, accepting if necessary even a trade-off between the unfolding of the democratic process and Italy's loyalty to NATO and the USA. For those liberals like future presidential advisor Arthur Schlesinger Jr., who embraced the cause of an 'opening to the Left', as the alliance between DC and the PSI became known, for an effective and productive transformation, Italy had to adopt the significant modernising economic reforms which the conservative Christian Democrats had proved unable to promote on their own. These reforms were thought to have an intrinsic Cold War value: only through them—it was argued in purely US liberal fashion—could the country tackle those problems of poverty and underdevelopment on which the Communists capitalised, politically and electorally.

The faction supporting the 'opening to the Left' somehow simplified a much more complex situation and anchored itself to a binary, stereotyped view of Italy and of its structural problems. The success of the PCI was due to a multiplicity of factors and could not be reduced to a single, easily identifiable cause. The potential redeeming effect of a DC–PSI alliance was clearly overestimated, and disillusiones and recriminations soon followed. A modernisation of sorts – an Italian 'economic miracle' which macro-economic indicators (notwithstanding US observers) were remarkably slow to detect and appraise—was already well under way. Strongly supported by US social sciences at the time, the universal and teleological reproducibility of the US path to industrial modernity

¹⁶Leopoldo Nuti, *Gli Stati Uniti e l'apertura a sinistra* (Roma/Bari: Laterza, 1999); Pietro Nenni, 'Where the Italian Socialists Stand', *Foreign Affairs* 40, no. 2 (1962): 213–223.

was clearly overstated.¹⁷ Equally overestimated was the effective leverage which Washington had at its disposal in dealing with its unruly Italian junior partner, as the previous years had abundantly demonstrated.

ABANDONING ITALY'S MODERNISATION: THE PRIMACY OF GEOPOLITICS

In 1965, McGeorge Bundy, national security advisor to both President Kennedy and President Johnson, bitterly complained about the propensity of Italian actors to exploit the Cold War and extract aid and concessions from Washington while offering little in return. Bundy urged a drastic reduction in covert US funding for anti-communist parties: 'We have not been getting our full money's worth', he wrote to Johnson.¹⁸ The opening to the Left, strongly supported by liberals in the two democratic administrations, had finally taken place, but actual reforms were slow to come. The Communists' strength in Italy remained almost intact. The country's ambiguous 'Atlanticism', embodied by its desire to count for more in the alliance and by its frequent (if ineffectual) 'free-riding' in the Mediterranean and the Middle East, had not diminished; on the contrary, it had become a distinctive trait of Rome's foreign policy. Bundy's outburst certainly reflected the exasperation of US officials with their Italian ally. But it was also symptomatic of the overestimated possibilities that Cold War imperatives had bestowed on the USA in relation to its junior partners, and of the US tendency to oversimplify the intricacies of the Italian political system.

At the same time, some of the key variables informing US-Italian relations were undergoing a significant change bound to alter the unfolding of the Cold War in the peninsula. Both US foreign policy choices and the

¹⁷See Michael E. Latham, *Modernization as Ideology: American Social Science and 'Nation Building' in the Kennedy Era* (Chapel Hill: University of North Carolina Press, 2000); Nils Gilman, *Mandarins of the Future: Modernization Theory in Cold War America* (Baltimore: Johns Hopkins University Press, 2003); David Ekbladh, *The Great American Mission: Modernization and the Construction of an American World Order* (Princeton: Princeton University Press, 2010).

¹⁸FRUS, 1964–1968, vol. XII, *Western Europe*, doc. 116, *Memorandum From the President's Special Assistant for National Security Affairs (Bundy) to President Johnson*, August 4, 1965, <http://history.state.gov/historicaldocuments/frus1964-68v12/ch3> (Accessed 13 October 2015).

Cold War context were side-lining Italy in the US hierarchy of geopolitical concerns. The 1960s were marked by profound changes in the geopolitical priorities of the USA. Notwithstanding the Gaullist challenge, Western Europe appeared to be stabilised once and for all, particularly after 1963 and the rapid evaporation of a possible Franco–German challenge to the USA within the Atlantic Alliance. US military involvement in Vietnam further accentuated this trend. Meanwhile, the opening of the long season of *détente* between the USA and the Soviet Union was inevitably affecting Italy and Washington's other European allies.

There are many ways in which bipolar *détente* can be interpreted and explained. Most historians now stress its intrinsically conservative geopolitical character, in the sense that both Washington and Moscow conceived it as a way to uphold the *status quo* in Europe and crystallise the bipolar division of the continent—in order to reduce tensions, to limit the risk of war and, in perspective, to reduce defence expenditures which were running out of control.¹⁹

There was a kind of paradox, however, in the European theatres most affected by *détente*, and this soon became evident in the Italian case. A conservative strategy aimed at preserving and consolidating a specific geopolitical order entailed the fundamental erosion of the ideological confrontation upon which that order had been founded. This paradox was particularly acute in Italy, where a strong, pro-Soviet Communist party still operated. How could the delegitimisation and containment of this party continue, if the ideological premises of such actions were no longer essential to the relationship between the superpowers?

Under Johnson's successors, the Republicans Richard Nixon and Gerald Ford, the tensions produced by this fundamental contradiction of *détente* became almost impossible to manage, particularly when it coincided with (and contributed to) a kind of domestic thaw between the PCI and the DC. The late 1960s and early 1970s thus witnessed the renewed attention of Washington to Italian domestic matters. As in the past, what actually accentuated or reduced US interest in Italian affairs

¹⁹Jussi M. Hanhimäki, *The Rise and Fall of Détente: American Foreign Policy and the Transformation of the Cold War* (Washington, D.C: Potomac Books, 2013); Wilfried Loth and Georges-Henri Soutou (eds.), *The Making of Détente: Eastern and Western Europe in the Cold War, 1965–75* (London: Routledge, 2008); Mario Del Pero, *The Eccentric Realist: Henry Kissinger and the Making of American Foreign Policy* (Ithaca, NY: Cornell University Press, 2010).

was the state of Italian politics and, in particular, the extent of its political instability. Italy was, or became once again, important for what it was, more than for what it did or did not do: for posing a problem rather than for constituting an asset. At this point, the issue had ceased to be the transformation and modernisation of Italy—all the more so, in view of the general discredit and unpopularity of the liberal modernising crusades in the late 1960s. The US approach to the Italian question was now guided primarily by geopolitical concerns, following the more general philosophy informing US foreign policy choices and discourses during this period. What Nixon, Ford and their national security *czar* Henry Kissinger wanted was to contain the effects of *détente* in Italy, ‘immunising’ the country from the danger of a DC–PCI *rapprochement*. They did this by channelling funds to right-wing groups, supporting the conservative wing of the Christian Democrats, and making clear their preference for the formation of a centre-right government and those groups within the DC who favoured a similar solution.²⁰ Once again, the details of the Italian situation were interpreted through the prism of the Cold War and particularly of its potential reverberations throughout Southern Europe. Preventing a reconciliation between the Communists and the Christian Democrats appeared to Washington to be both symbolically and strategically vital. It was a matter of reducing the risk that Italy might gradually slip into a lukewarm Atlanticism bordering on neutrality. It was also meant to send an unequivocal message to other countries in a similar situation, which would be looking at the Italian precedent to gauge how much latitude they actually had from the constraints of the Cold War framework. US academic and political pundits debated the possibility that the PCI was in the process of freeing itself from the Soviet yoke, and was perhaps even on the road to social-democratisation, but this was not really the problem. If possible, such a prospect rendered the situation even more troubling: a fully emancipated Communist party, free from any discipline imposed by Moscow, could actively contribute towards destabilising the *status quo* which the two superpowers were so eager to

²⁰Lucrezia Cominelli, *L'Italia sotto tutela. Stati Uniti, Europa e crisi italiana negli anni Settanta* (Firenze: Le Monnier, 2014); Roberto Gualtieri, ‘The Italian Political System and Détente’, *Journal of Modern Italian Studies* 9, no. 4 (2004): 428–449.

maintain solidly in place. Henry Kissinger, at the time secretary of state, put it with his characteristic bluntness:

When you imagine what communist Governments will do inside NATO (...) it doesn't make any difference whether they [the Italian communists] are controlled by Moscow or not. It will unravel NATO and the European community into a neutralist instrument. And that is the essence of it. Whether or not these parties are controlled from Moscow—that's a subsidiary issue (...) A Western Europe with the participation of communist part—ies is going to change the basis of NATO (...) [and] bring the communists into power in Western Europe (...) would totally reorient the map of postwar Europe.²¹

As in the past, however, there was a clear gap between rhetoric and possibilities, words and deeds. The Italian political forces certainly noted the adamant hostility of the US partner to any Italian internal version of *détente*: to what became known as the possible 'historical compromise' between the PCI and the DC. The public and political debate was shaped by discussions on the limitations of Italy's autonomy (and sovereignty) within the rigid boundaries imposed by the Cold War geopolitical straight-jacket: by the risk, to mention the most widespread and frightening analogy of the time, that there could be a replica of the Chilean military coup in Italy, as in other countries of Southern Europe, starting with Portugal.

The reality was quite different. The Cold War straight-jacket had indeed been loosened; Cold War imperatives had lost most of their grip. But something new had arisen and, paradoxically, it was not making Italy more capable of protecting itself from international dynamics and structural constraints. While the focus of the US administration was on geopolitics, and both sides still appeared obsessed with Cold War logics and their highly simplified rhetorical antinomies (communism vs. anti-communism; anti-fascism vs. new Cold War fascism; Allende vs. Pinochet), the general context—one of the key variables introduced at the beginning of this analysis—was radically transforming itself and the way it could influence the Italian scene.

²¹National Archives and Record Administration, College Park, Maryland (hereafter NARA), RG59: General Records of the Department of State, Lot File 78D443: Transcripts of Secretary of State Kissinger's Staff Meetings, 1973–1977, Box 6 and Box 10, Meeting Secretary of State's Staff, 12 January 1975 and 1 July 1976.

A NEW INTERDEPENDENCE BETWEEN THE NATIONAL AND THE INTERNATIONAL: AN EARLY POST-COLD WAR IN ITALY?

While attention focused entirely on the US senior partner, on what it was doing and what (in the phobic fantasies of many) it could do to damage Italy's frail democracy, deeper and more structural trends were at work, and new actors were benefitting from them to increase their influence in the international system. The post-Bretton Woods transition to a world of fluctuating currencies and decreased barriers to capital flows made a mockery of those who cried 'wolf' to a threat—the US meddling in Italy's domestic affairs—now far less effective and relevant as an agent limiting national sovereignty.

The new economic dynamics greatly influenced Italy. The progressive exhaustion of the long season of the 'economic miracle' and the drastic impact of the 1970s' 'stagflation' proved both the fragility of the country and its vulnerability to (and dependence on) exogenous patterns and agents. Italy was not just part of the 'soft underbelly' of the Atlantic Alliance—one of the most popular geopolitical metaphors of the period and the one which best explained Nixon's and Kissinger's attitude towards its problems. It was also one of the 'sick men' of a Western liberal and capitalist order whose basic structure was now shaken and redefined. The liberally embedded structure of the post-war years had offered the ideal environment for the albeit uneven industrial modernisation of Italy: it had represented the key stabilising (and, one could argue) 'Atlanticising' factor of Italy's chronically unstable post-1945 political and social life. The disorder of the 1970s, deriving first and foremost from a 'shock of the global' to which Italy was particularly exposed, shattered this condition and imposed new and sometimes painful forms of interdependence between the national and the international, revealing the greater fragility of the former to the new *modus operandi* of the latter.²²

²²Niall Ferguson et al. (eds.), *The Shock of the Global: The 1970s in Perspective* (Cambridge: Belknap Press of Harvard University Press, 2010); Federico Romero, 'Refashioning the West to Dispel Its Fears: The Early G7 Summits', in *International Summitry and Global Governance: The Rise of the G-7 and the European Council*, eds. Emmanuel Mourlon-Druol and Federico Romero (London: Routledge, 2014), 117–37; Gérard Bossuat (ed.), *L'Europe et la mondialisation*, (Paris: Soleb, 2007); Andreas Wirsching (ed.), *The 1970s and 1980s as a Turning Point in European History? A Forum with Göran Therborn, Geoff Eley, Hartmut Kaelble, Philippe Chassaigne*, *Journal of Modern European History* 9, no. 1 (2011), 8–26.

Awareness of these changes developed slowly. Few at the time realised the essential features of what was happening, and even less of what was to come. Cold War intellectual and geopolitical certainties still dominated and fixed the perimeter of the political and public discussion on US–Italian relations, US attitudes towards the Italian ally and how all this impaired Italy’s sovereignty, if not its very freedom. Anxieties regarding possible Chilean solutions were soon replaced by unmotivated hopes of a possible change of direction in US foreign policy towards Italy, after the election of Jimmy Carter in 1977. Domestic political actors still thought that ‘Atlanticism’ constituted the key medium of political legitimisation, as the Euromissiles discussion clearly revealed.²³

Although the late 1970s and 1980s are still being investigated by historians, and the documentary record—particularly on the Italian side—is very fragmentary and incomplete, a few hypotheses can be advanced. The first is that of a gradual ‘multilateralisation’ of the external management of Italy’s problems and fragilities. This emerges clearly from the discussions on Italy among the main Atlantic powers during the mid-1970s, when the Italian political and financial crisis became particularly acute. What had previously been mainly a US task, the international ‘guardianship’ of post-1945 Italy, was now increasingly socialised—not within formal Atlantic structures, but among Atlantic actors, a particular role being taken by the Federal Republic of Germany. Quadripartite (that is, French–US–British–German) summits on Italy became a customary feature of intra-Atlantic diplomacy. The second hypothesis is that this kind of external intervention—occasionally linked to the concession of much needed financial support—was part of a policy of conditionality aimed at intervening in some particular fragilities of the Italian economy, thus paving the way for its transition into a more globalised (and less protected) system. Whereas geopolitical concerns had previously been linked to the imperatives of modernisation, it was now the dismantling of the embedded liberalism of the post-war order which

²³Leopoldo Nuti, Frédéric Bozo, Marie-Pierre Rey and Bernd Rother (eds.), *The Euromissiles Crisis and the End of the Cold War* (Stanford: Stanford University Press, 2015).

stimulated these new forms of external pressure on the country and in some ways conditioned geopolitics itself. Obviously, concern about the possible accession of the Communists to power did not vanish overnight, as was made abundantly clear, particularly by the West German chancellor Helmut Schmidt (1974–1982). But in many ways—to simplify matters a little—priorities and causalities were now reversed, the internationalisation (and increasing Europeanisation) of Italy being instrumental to its transition to a new global order, rather than to the strengthening of its inclusion in the Atlantic sphere. The Cold War had not disappeared (and was even to make a radical, albeit very short, comeback in the early 1980s), but it no longer represented the main element driving the various external pressures converging on Italy, nor the fundamental variable determining the interests of international actors with regard to the Italian case.²⁴ Among such actors, the USA, while still inevitably central, was not alone, nor did it represent the only interlocutor to which Italian political forces looked in search of support and legitimisation. Atlanticism was still perceived as an important ‘litmus test’, as proven by the behaviour of various Italian governments during the Gulf War and the Yugoslavian wars of the 1990s.²⁵ But the story of Italy’s relationship with the USA, and of US policies in Italy during the Cold War, do seem to indicate that, at a certain point, this crucial factor of the history of the ‘Italian Cold War’ ceased to operate. Italy was progressively detaching itself from the Cold War, and the very factors which had driven US policies regarding it became if not irrelevant, certainly much less important. Italy’s deeper involvement in the growing web of European integration was gradually becoming the key determinant of its political, economic and cultural life.²⁶

²⁴Roberto Gualtieri, *L'impatto di Reagan*, in *Gli anni Ottanta come storia*, ed. Simona Colarizi (Soveria Mannelli: Rubbettino, 2004); Pier Luigi Ballini and Antonio Varsori (eds.), *L'Italia e l'Europa (1947–1979)* (Soveria Mannelli: Rubbettino, 2004); Federico Romero, ‘L'Italia nelle trasformazioni internazionali di fine Novecento’, in *L'Italia contemporanea dagli anni Ottanta a oggi*, vol. I: *Globalizzazione*, eds. Silvio Pons, Federico Romero and Adriano Rocucci, (Roma: Carocci, 2014), 15–34.

²⁵Luca Ratti, *Italy and NATO Expansion to the Balkans* (Roma: Carocci, 2004).

²⁶Antonio Varsori, *La Cenerentola d'Europa? L'Italia e l'integrazione europea dal 1947 a oggi* (Soveria Mannelli: Rubbettino, 2010); Id., *L'Italia e la fine della Guerra Fredda. La politica estera dei governi Andreotti (1989–1992)* (Bologna: il Mulino, 2013).

CONCLUSIONS

The relationship between Italy and the USA during the Cold War, and the ways in which the actions and interventions of the latter influenced the life of the young democracy have often been studied and discussed in a unilateral way: as an example of a typical quasi-imperial dynamic between a powerful centre and a kind of 'client-state'; or as another example of a lesser Cold War ally ably manipulating its indispensability to extract benefits and concessions from its senior partner. The story of post-1945 US–Italian relations is in fact much less neat and unambiguous. Overall, it is a story which evolved over time according to a specific set of dynamics and variables which are identified in the Introduction. In particular, the transition from the first to the second phase—from a policy aiming at structurally transforming Italy to one informed by the primacy of geopolitics over social and political engineering—was caused mainly by a change in the attitude of the US governments towards Italian affairs. In the first phase, the swift alteration and liberalisation of Italy's political and economic culture was deemed necessary, in order to 'inoculate' it against communism, and was therefore part and parcel of the strategy of containment as it was implemented in Italy. However, from the mid-1960s onwards, this approach was abandoned because it was deemed ineffective, frustrating and even potentially counterproductive. Causality was somehow reversed: geopolitical stability—that is, Italy's irrefutable allegiance to the Atlantic security regime—came before political and economic reforms, and was no longer considered a result of them. Instead, the second transition of the mid- to late-1970s appears to have been driven by a systemic change, by a mutation of the global context which, for more or less a decade, created a paradoxical condition: the international system was clearly moving beyond the Cold War, but some of its main features—the bipolar arms race, the division of Europe into two blocs, and the existence of the Soviet Union and its allies—still remained.

In discussing the case of Italy, we have highlighted a second contradiction: after years of intense and sometimes hysterical debates on how the Cold War and the relationship with the USA were hindering the country's autonomy and sovereignty, Italy saw their significant curtailment. This was not, however, the consequence of deeper, more extreme interference by the USA in Italy's affairs, as many had long feared and predicted. Chilean (or Greek) solutions did not materialise. And yet Italy

found itself even more embroiled in a web of multiple forms of interdependence which limited its options, often imposed painful decisions and ultimately constrained its opportunities and freedom of action.

That all this took place while the influence of the USA in Italy—and the interest of the USA in Italy—was on the wane simply adds paradox to paradox. Choosing sides in the Cold War and being part of the bipolar divide imposed on Europe, by falling into the US-dominated orbit, were long considered to be quintessential forms of political dependence and subordination: examples of how the international dominated and constrained the national. When their grip began to loosen, when the presence of the USA in and over Italy became more tenuous and distant, the sovereignty of the country and the range of possibilities available to its leaders did not increase but were, in fact, further diminished by the profound set of interdependencies which, in the following years, started to be associated with the concept of globalisation and the corresponding deepening of European integration. It is from this paradox that we must start if we want to make sense of the post-1970s' experience of Italy, and how it was influenced by international dynamics and external constraints.²⁷

²⁷Historians are just beginning to grapple with these topics, but some key issues are already emerging quite clearly: see Pons, Romero and Roccucci (eds.), *L'Italia contemporanea dagli anni Ottanta a oggi*; Antonio Varsori, *L'Italia e la fine della Guerra Fredda*.

Cold War Republic: The ‘External Constraint’ In Italy During The 1970s

Silvio Pons

The waves of social unrest, political conflict and global economic turmoil which had swept over the West by the late 1960s and early 1970s had far more of an impact in Italy than elsewhere. The formula used at the time, describing Italy as the ‘sick man of Europe’, only provided a superficial idea of the country’s crisis. It was difficult to compare it with the Western European situation in general, in view of Italy’s combination of a serious economic predicament, public corruption, endemic violence in society, the depths of barbarism reached by terrorism, and a decline in international standing. The crisis in Italy set in motion major domestic political changes which questioned the traditional polarity between pro-Western forces in government and the Communist opposition. However, national forces proved unable to offer new political solutions to this crisis, both because of their own long-standing antagonism and, interacting with it, the international constraints incumbent upon them.

This chapter examines the relationship between Italian politics and the Cold War in the 1970s. It assumes that the close connections between

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the international and domestic spheres in Italy makes it an extremely significant case-study of how and why the Cold War lasted so long in Europe despite global changes, and thus also helps us to appreciate Europe's particular place in the Cold War.¹ By bringing into the picture both sides of the national and international scenes, it argues that developments in this decade—significant and tumultuous as they were—did not fundamentally change the pattern of political relations between Italy and the Cold War order which had been established in the aftermath of the Second World War.²

Italy's key political groupings reflected bipolar antagonism: on one hand were the Christian Democrats (DC), which dominated moderate forces and were firmly established in government, and, on the other, the Italian Communist Party (PCI), which hegemonised the left and represented opposition, and both reproduced and even reinforced one another. While European *détente* did favour change in domestic relations, it could not remove their foundations. The DC represented the axis of the political system and was the inevitable ally of the USA—albeit a difficult one to manage—while the Communists were excluded from government by the 'external constraint' created in Western Europe in the late 1940s.³ Collaboration between the domestic blocs did much to help

¹Federico Romero, 'Cold War Historiography at the Crossroads', *Cold War History*, no. 4 (2014): 685–703. See Federico Romero, *Storia della guerra fredda. L'ultimo conflitto per l'Europa* (Torino: Einaudi, 2009). For a comprehensive account of the relationship between domestic and international politics in Italian history during the Cold War, see Guido Formigoni, *Storia d'Italia nella guerra fredda (1943–1978)* (Bologna: il Mulino, 2016).

²On Italy and the origins of the Cold War, see the recent work by Kaeten Mistry, *The United States, Italy, and the Origins of Cold War: Waging Political Warfare, 1945–1950* (Cambridge: Cambridge University Press, 2014). See also Federico Romero, 'Gli Stati Uniti in Italia: il Piano Marshall e il Patto Atlantico', in *Storia dell'Italia repubblicana*, vol. 1 (Torino: Einaudi, 1994), 231–89; Alessandro Brogi, *A Question of Self Esteem: The United States and the Cold War Choices in France and Italy, 1944–1958* (Westport: Praeger, 2002); Mario Del Pero, 'Containing containment: rethinking Italy's experience during the Cold War', *Journal of Modern Italian Studies* 8, no. 4 (2003): 532–55. On developments in the 1960s and the interaction between the USA and Italy in the years of centre-left governments, see Leopoldo Nuti, *Gli Stati Uniti e l'apertura a sinistra. Importanza e limiti della presenza americana in Italia* (Roma/Bari: Laterza, 1999).

³Guido Formigoni, *La Democrazia Cristiana e l'alleanza occidentale, 1943–1953* (Bologna: il Mulino, 1996); Mario Del Pero, *L'alleanza scomoda. Gli USA e la DC negli anni del centrismo, 1948–1955* (Rome: Carocci, 2001); Silvio Pons, *L'impossibile egemonia. L'URSS, il PCI e le origini della guerra fredda, 1943–1948* (Rome: Carocci, 1999); Silvio Pons, 'Stalin, Togliatti, and the Origins of the Cold War', *Journal of Cold War Studies* 3,

Italy overcome the worst moments of economic and social crisis in the second half of the 1970s, but the interaction between national and international politics prevented further transformations. At the end of the decade, Italian politics was stabilised by rescuing its traditionally polarised bloc framework, even though identities had undergone revision by adapting to social and cultural changes.⁴ In this respect, the Cold War represented both the problem and its solution at one and the same time. While the 'external constraint' kept a critical sector of the Italian electorate out of government and prolonged what was a harmful division of the nation as a political unit, it did provide a structure for domestic politics until the end of the Cold War itself. However, this solution was hardly sustainable, and did not really establish a new legitimacy, as became obvious when the country's political system collapsed in the early 1990s, soon after the end of the Cold War—a unique development in Western Europe.

AFTER 1968: CRISIS AND CHANGE

The political responses to the impact of 1968 in Europe were highly diversified, and did not constitute a single pattern. The needle on the political scale swung back and forth between conservative and progressive responses. The unifying element was the European *détente*

no. 2 (Spring 2001): 3–27; Elena Aga-Rossi and Viktor Zaslavsky, *Stalin and Togliatti. Italy and the Origins of the Cold War* (Washington DC and Stanford, Cal: Woodrow Wilson Center—Stanford University Press, 2011); Alessandro Brogi, *Confronting America. The Cold War between the United States and the Communists in France and Italy* (Chapel Hill: The University of North Carolina Press, 2011).

⁴On Italy's post-1968 crisis and its international context, see the recent work by Lucrezia Cominelli, *L'Italia sotto tutela. Stati Uniti, Europa e crisi italiana degli anni Settanta* (Firenze: Le Monnier, 2014). See also Agostino Giovagnoli and Silvio Pons (eds.), *L'Italia repubblicana nella crisi degli anni Settanta. Tra guerra fredda e distensione*, vol. 1 (Soveria Mannelli: Rubbettino, 2003); Roberto Gualtieri, 'The Italian Political system and Détente (1963–1981)', *Journal of Modern Italian Studies* 9, no. 4 (2004): 428–49; Umberto Gentiloni Silveri, *L'Italia sospesa. La crisi degli anni Settanta vista da Washington* (Torino: Einaudi, 2009); Valerio Bosco, *L'amministrazione Nixon e l'Italia. Tra distensione e crisi mediterranea* (Roma: Eurilink, 2009); Frédéric Heurtebize, *Le péril rouge. Washington face à l'eurocommunisme* (Paris: PUF, 2014); Luigi Guarna, *Richard Nixon e i partiti politici italiani* (Milano: Mondadori, 2015).

connected with West Germany's *Ostpolitik*, launched by Willy Brandt, which was shared by the other main Western European governments and which outlined a scenario distinct from that of bipolar *détente*. It was open to change, albeit over the long term, instead of attempting to maintain the *status quo*. West Germany's new policy, based on the Social Democrat turn in 1969, was a vision of foreign policy and also an affirmation of sovereignty, within the context of fluctuating Western interdependencies which were to assign an increasingly important role to Western Europe.⁵ Italy maintained a form of sovereignty much more closely linked to the initial phase of the Cold War, as its ruling classes still followed a 'strategy of dependency' which acknowledged the country's economic and political frailties, and negotiated its integration and inter-dependences in the Western system accordingly.⁶ Such a strategy had worked for a quarter of a century, stabilising Italy's political system, making possible its integration into the European Community as a founding member, and supporting the impressive modernisation which led the country to become one of the most advanced capitalist economies.

As a result of Western integration, by the end of the 1960s, Italy was Southern Europe's only democracy. However, it was also the only major Western European country which had not experienced alternating governments. The bipolarisation of the political system between the DC and PCI meant casting such a prospect even further into the future, and hardly promised any kind of stabilisation as the country's crisis worsened.⁷

Many viewed the Italian crisis as one of the authority and legitimacy of the ruling class, largely identified with the DC. Historians have noted this essential consideration.⁸ However, this problem of legitimacy has not been properly linked to the erosion of the Manichean certitudes of the Cold War, the country's uncertain drift through the new 'world disorder', and the crisis in US leadership. As Nixon's and Kissinger's 'Cold War-centric' and 'Soviet-centric' visions of world politics developed into

⁵David F. Patton, *Cold War Politics in Postwar Germany* (London: Palgrave Macmillan, 1999).

⁶Romero, *Gli Stati Uniti in Italia*.

⁷On the bipolarisation of the Italian political system and its growing importance from the late 1960s onwards, see Roberto Gualtieri, *L'Italia dal 1943 al 1992. DC e PCI nella storia della Repubblica* (Roma: Carocci, 2006).

⁸Piero Craveri, *La repubblica dal 1958 al 1992* (Torino: UTET, 1995), 539.

the strategy of *détente*, with the intention of de-ideologising and preserving the bipolar order as a response to the political, cultural and economic challenges at the dawn of the 1970s,⁹ the interactions between the USA and Italy took on a double aspect. While *détente* with the Soviet Union indirectly encouraged dialogue between Catholics and communists, it privileged the geopolitical *status quo* and placed an insurmountable limit on any perspective of national change—which meant abandoning ideas of modernising and ‘Atlanticising’ Italy and blocking political transformations.¹⁰ At the same time, Kissinger’s strategy reflected a decline in US hegemony, producing a concept of US interests freed from the universalistic tradition of Cold War liberalism, and one which placed limits upon consensual procedures for managing crises in the West.¹¹ The USA subjected Italy to close and over-sensitive monitoring, carried out to a great extent through the prism of traditional anti-communism, and did not pay sufficient attention to the profound changes generated by the events of 1968.¹² However, the USA’s own shortfall of hegemony was itself part of the problem, since it weakened the legitimating resources of the Christian Democrat ruling class. In particular, the global economic crisis prevented further use of the argument which, from the time of the Marshall Plan, had linked Italy’s pro-Western choice to the promise of prosperity—a promise which now appeared to be vanishing into the distance. At the same time, the legitimating resources which the PCI had received from the socialist camp in the past were largely dissolved after the invasion of Czechoslovakia in 1968. In the ‘global 1968’, the PCI took part in anti-US protests and mobilisation against the war in Vietnam, but it also had to confront anti-Soviet feelings, especially among young people. The Italian Communists’ efforts to criticise Soviet

⁹Daniel J. Sargent, *Superpower Transformed. The Remaking of American Foreign Relations in the 1970s* (New York: Oxford University Press, 2015), 50, 66–67.

¹⁰Mario Del Pero, ‘L’Italia e gli Stati Uniti: un legame rinnovato?’, in *Nazione, interdipendenza, integrazione. Le relazioni internazionali dell’Italia*, eds Federico Romero and Antonio Varsori (Roma: Carocci, 2005), 301–15. See also Gualtieri, *The Italian Political system and Détente*.

¹¹Mario Del Pero, *The Eccentric Realist: Henry Kissinger and the Shaping of American Foreign Policy* (Ithaca: Cornell University Press, 2009).

¹²Gentiloni, *L’Italia sospesa*. On US visions of Italy in the early 1970s, see also Luigi Guarna, ‘L’Italia degli anni Settanta vista da Washington. Un nuovo strumento per la ricerca’, *Mondo contemporaneo*, no. 2 (2013): 161–71.

methods and the theory of ‘limited sovereignty’ showed how their continuing link with the Soviet Union was a source of friction. Although the PCI represented Italy’s political opposition and potentially constituted the country’s back-up leadership, it had to re-invent its own international affiliation in order to achieve credibility.¹³ In other words, the foreign connections traditionally maintained by the country’s driving forces were undergoing serious changes.

Even so, the unifying element of the Christian Democrats’ strategy was confirmation of the party’s central place in the Italian democratic system, founded on its axis with the USA. The alliance between the DC and Washington was not at stake, although they had each observed an ‘Italian problem’ which was becoming increasingly acute. This was especially clear after the Milan bombing of December 1969 and the emergence of a violent ‘strategy of tension’ launched by shadowy right-wing forces connected with sectors of state intelligence, which terrorised the country with the aim of fuelling raw anti-communist feelings. The Nixon administration became increasingly worried that Italy might follow the pattern of Allende’s Chile, and ambassador Graham Martin was able to obtain funding for anti-communist forces in Italy with the aim of influencing the country’s political trajectory.¹⁴ Kissinger did not rule out neo-authoritarian solutions for Italy, and even supported Martin’s ‘covert operations’ encouraging the extreme right. However, Kissinger eventually remained faithful to the model of the anti-communist guarantee represented by the Christian Democrat tradition of Alcide De Gasperi.¹⁵ At the same time, the DC leadership provided a diversified range of political responses, oscillating between Giulio Andreotti’s neo-centrist solution—by far Kissinger’s best choice—and the new version of the centre-left inspired by Aldo Moro. The political choices made first by Andreotti after the 1972 elections, in an attempt to restore the pre-centre-left anti-communist front, and then by Moro, attempting to set up a post-centre-left stage, were different inflections of a single model

¹³On the PCI’s positions in the aftermath of 1968, see Maud Bracke, *Which Socialism, Whose Détente? Western European Communism and the Czechoslovak Crisis of 1968* (Budapest: Central European University Press, 2007); Brogi, *Confronting America*, 302–7.

¹⁴Guarna, *Richard Nixon e i partiti politici italiani*, 207–12. See *Foreign Relations of the United States* (hereafter FRUS), 1969–1976, vol. XLI, *Western Europe, NATO 1969–1972*, docs. 202, 208.

¹⁵Cominelli, *L’Italia sotto tutela*, 126–29, 166–69.

with diverging implications. They both aimed, although in very different ways, at preventing the influence of minor but still dangerous sectors of the Italian establishment inclined to adopt authoritarian solutions, and at reversing the predicament of the Christian Democrat supremacy. At the same time, each sought to defend the DC's autonomy regarding specific solutions to be adopted, within the terms of its well-established relationship with Washington.¹⁶ The problem in the relations between the USA and the DC arose from the fact that Andreotti's conservative position was too weak domestically, while Moro's progressive perspective looked rather uncertain in terms of internal and international stability.

The precarious nature of the post-1968 governments was not the sign of any new fluidity in Italian politics, but rather the result of immobility and lack of energy in providing responses to the changes now taking place in the public mood and social *mores*. The immobility of Italian politics started to collapse only in 1973, mainly due to the pressure of external factors, which interfered with what was already a full-blown crisis characterised by mounting violence. For many, the forward steps of *détente* in the middle of Europe—with the conclusion of agreements between the two Germanies—and the enlargement of the European Community to include the United Kingdom, appeared to be the prelude to an autonomous European role in world politics.¹⁷ However, although such a scenario fuelled expectations of new opportunities, the main impetus for change in Italy came from the tension which had first been generated by General Pinochet's September 1973 *coup d'état* in Chile, which was largely perceived as a consequence of the conflict between the USA and Allende's government.¹⁸

Moro drew a link between Chile and Italy, implicitly showing dissent towards the USA's behaviour, albeit with extreme prudence.¹⁹ His reference to 'sinister omens' generated by the affair intimated that one of Kissinger's possible options was that of separating the defence of US interests from the defence of democracy, not only in Latin America but

¹⁶Gentiloni, *L'Italia sospesa*, 70 et seq.

¹⁷Angela Romano, *From Détente in Europe to European Détente. How the West Shaped the Helsinki CSCE* (Peter Lang: Brussels, 2009), 206 et seq.

¹⁸On the role of the USA in Allende's fall, see Jonathan Haslam, *The Nixon Administration and the Death of Allende's Chile* (New York: Verso, 2005).

¹⁹Archivio centrale dello Stato (hereafter ACS), Archivio Aldo Moro (hereafter: AAM), b. 28, f. 612.

also in Southern Europe. After all, the Nixon administration had itself earlier established the analogy between Chile and Italy. Implicit in Moro's alarm was the idea of an Italian fragility which had now been laid bare for all to see. From this moment onwards, his detachment from the traditional formulas of Italian politics became more clear-cut, and he concentrated on expanding the margins for manoeuvre allowed by the 'external constraint'.²⁰

The coup in Chile marked a turning-point for Enrico Berlinguer, general secretary of the PCI from 1972 onwards, leading him to describe his strategy of 'historic compromise' with the Catholics. Underlying this proposal was his conviction that a society as divided as Italy's could not be governed by European models of alternation. In his view, the only way of avoiding the Chilean spiral between internal fractures and Cold War imperatives was to recover the experience of 'national unity' dating back to the end of the Second World War. The legacy of wartime anti-fascism, which made the PCI a legitimate component of the Republic in institutional terms—since it had taken part in composing the country's Constitution—was thus to claim primacy over the legacy of Cold War anti-communism which had denied the legitimacy of communist rule. Berlinguer also linked this domestic strategy to an attempt to create a Western communist pole based on positive acknowledgement of the European Community, thereby validating the profile of a communist force which could run for government in a Western country—even though this outcome was seen as a gradual transition.²¹

Any moderate vision of change was swept away by the escalating economic crisis, from late 1973 onwards, fuelled by the consequences of the Yom Kippur War. The shock created by the sudden rise in oil prices inflamed the turmoil following the decision of Nixon's administration to end the Bretton Woods system two years earlier. Throughout the West, the perception of a crisis spread dangerously, evoking the Depression of the 1930s.²² Italy rapidly came to the brink of financial collapse, due to a mixture of rising inflation, currency instability and the prospect of

²⁰Guido Formigoni, 'L'Italia nel sistema internazionale degli anni Settanta: spunti per riconsiderare la crisi', in *L'Italia repubblicana nella crisi degli anni Settanta*, 1: 285–88.

²¹Silvio Pons, *Berlinguer e la fine del comunismo* (Torino: Einaudi, 2006), 30–37.

²²Charles S. Maier, '“Malaise”: the Crisis of Capitalism in the 1970s', in *The Shock of the Global. The 1970s in Perspective*, eds. Niall Ferguson et al. (Cambridge, Mass. - London: Harvard University Press, 2010), 25–48.

recession. By the summer of 1974, West Germany and the USA were obliged to intervene, granting huge loans to Italy in order to avoid unpredictable developments. From this moment onwards, the 'external constraint' on the country took on the aspect of political and economic conditions combined.²³ In addition, in a matter of only a few months, the impact of the global crisis combined unpredictably with the 'long wave' of 1968 in Italian society and its contribution to long-term secularisation. With the crushing defeat suffered by the DC in the divorce referendum of May 1974—when the conservative Catholics and the Church failed in their attempt to reject the introduction of a bill on divorce, voted through parliament for the first time in Italian history—the possibility of an anti-communist front, oriented towards the clerical right wing, disappeared from the country's political perspective. Consequently, Moro himself embodied his party's main resource. In the summer of the same year, he spoke of his idea for building a form of 'national solidarity' to confront the crisis and keep Italy out of a spiral of marginalisation and impoverishment, while maintaining the roles of government and opposition separate. When he again headed the government in November 1974, the alternative between old centrism and centre-left now sounded dated and meaningless although, as he expressed it, Italy remained a 'difficult democracy'.²⁴

The political reversal set in motion by both parties led to the definitive launching of Moro's 'strategy of attention' towards the Communists and Berlinguer's decision to renounce Communist opposition to the Atlantic Alliance.²⁵ At this point, the main national leaders were moving their respective blocs away from the traditional Cold War alignments, defined by what we may call civilisational choices, now losing their old meanings. The Christian Democrat vision of anti-communism differed from that of the Americans much more than in the past, as it was no longer simply a moderate 'containment of *containment*'.²⁶ There were in fact attempts at establishing some degree of cooperation with long-standing political

²³Cominelli, *L'Italia sotto tutela*, 171–72.

²⁴Gentiloni, *L'Italia sospesa*, 130.

²⁵Formigoni, *Storia d'Italia nella guerra fredda*, 462–63. On the origins of Moro's 'strategy of attention' towards the PCI in the 1960s, see Giovanni M. Ceci, *Moro e il PCI. La strategia dell'attenzione e il dibattito politico italiano (1967–1969)* (Roma: Carocci, 2013).

²⁶Del Pero, *Containing containment*.

rivals. The PCI now hardly represented an outpost of the ‘socialist camp’ in the Western world, and did not define anymore its own interests exclusively in accordance with the Soviet one.²⁷ This was only the start of a ‘roadmap’ which required creating consensus within the body of the two blocs, the identities of which were largely constructed on the inheritance of mutual ideological counterpositions and an incompatibility of values, reflecting Cold War antagonism. Their respective civilisational choices still represented a basic cultural legacy as well as the imperative precondition for accepting a kind of compromise. At the same time, such a map implied serious questions concerning its own compatibility with the international order, even during a period of *détente*.

ITALY AND DÉTENTE

The prevailing strategies in the leaderships of the DC and PCI mirrored each other. Although both were attempts to provide some kind of response to the crisis of an entire postwar arrangement, the former aimed at containing the ‘long wave’ of 1968 and the latter at exploiting it. Both were marked by the onerous task they had inherited from the Republic’s founding fathers—government of Italian bipolarism by controlling its most inconsistent, conflicting and destabilising aspects. Moro and Berlinguer ended up by sharing the idea that the mutual containment of Italy’s two Cold War political blocs could no longer guarantee democratic order to the Republic: it was not enough to solve the crisis. Crucially, both men shared the idea that *détente* offered the possibility of negotiating a renewed ‘external constraint’ and changing the rules of Italy’s bipolarism, while not dismantling it. However, this vision concealed substantial underlying differences in their respective strategies. Moro believed that the axis between US hegemony and the centrality of Christian Democracy remained imperative in terms of domestic legitimacy, although it required a certain amount of redefining. He thought that collaboration between government and opposition could produce a gradual change in democratic anti-communism. He understood the interdependency of the Western system, but still hoped for international acknowledgement of an Italian peculiarity, with the aim of involving the

²⁷Silvio Pons, ‘L’URSS e il PCI nel sistema internazionale della guerra fredda’, in *Il PCI nell’Italia repubblicana*, ed. Roberto Gualtieri (Roma: Carocci, 2001), 3–46.

Communists in institutional responsibility while not associating them with government itself.²⁸ Instead, Berlinguer's aim was to force Cold War constraints by associating the PCI with government, and by restoring the primacy of the anti-fascist alliance as Italy's national peculiarity. He believed that the crisis of US hegemony should be exploited for this purpose. In his view, the combination of growing national consensus and the turn in favour of the European Community were sufficient to legitimise the Communists.²⁹ The two leaders saw national change mainly as a *fait accompli* which could, alone, induce an adjustment in international compatibilities, and felt that they had no other choice if they were to promote change without destabilising their respective political blocs.³⁰

This scenario rapidly created a source of conflict with the respective Italian leaders' international partners—a dispute which emerged in the Communist camp even before it appeared in trans-Atlantic relations. Already in March 1973, Brezhnev and Berlinguer had mutually expressed entirely divergent ideas over *détente*. The Soviet leader assumed that the repression of the 'Prague Spring' had been the precondition to *détente*, and maintained that: 'If, in 1968, we had not helped the Czechs who had asked for help, permitting the so-called "democracy", Czechoslovakia would have ended up in the arms of the Federal Republic of Germany.' The Italian leader defended 'Socialism with a human face' and believed that it would be a source of political change in a Europe that was 'neither anti-Soviet nor anti-American'.³¹ By late 1974, the Italian Communists' Europeanism disappointed the Soviets even more than their detachment from purely anti-NATO positions: the

²⁸Aldo Moro, *L'intelligenza e gli avvenimenti* (Milano: Garzanti, 1979), 283 et seq.

²⁹Enrico Berlinguer, *La proposta comunista* (Torino: Einaudi, 1975), 5–30.

³⁰On Moro's vision, see Alfonso Alfonsi (ed.), *Aldo Moro nella dimensione internazionale. Dalla memoria alla storia*, (Milano: Franco Angeli, 2013); Francesco Perfetti et al. (eds.), *Aldo Moro nell'Italia contemporanea* (Firenze: Le Lettere, 2011). On Berlinguer's vision, see Pons, *Berlinguer e la fine del comunismo*; Francesco Barbagallo and Albertina Vittoria (eds.), *Enrico Berlinguer, la politica italiana e la crisi mondiale* (Rome: Carocci, 2007). For a review of the two leaders' thinking, see Emanuele Bernardi, 'Aldo Moro and Enrico Berlinguer', in *The Oxford Handbook of Italian Politics*, eds. Mark Gilbert, Erik Jones and Gianfranco Pasquino (Oxford: Oxford University Press, 2015), 368–77.

³¹Archive of the Italian Communist Party (hereafter APC), Fondazione Istituto Gramsci, *Archivio Berlinguer, Movimento operaio internazionale*, fasc. 109.

former implied change, whereas the latter effectively acknowledged the existence of bipolar blocs.³² At the same time, Washington showed hostility towards any discussion of ‘historic compromise’ in connection with *détente*. Kissinger did not fear Soviet-led destabilisation strategies, but rather the prospect of Italy becoming more or less like Yugoslavia, which would threaten the compactness of the Western alliance. In his view, communists in power in Western Europe would have ‘totally redefined the map of the postwar world’.³³

However, *détente* as a conservative great-power strategy did not work in Italy. The scale of the change taking place on the European scene during 1974 made it even less feasible. The fall of the dictatorships in Portugal and Greece, respectively in April and July of that year, together with the parallel collapse of Franco’s dictatorship in Spain, radically altered the Southern European scene and prompted reactions from both the USA and the European Community. There were major repercussions for Italy. First, the very disappearance of right-wing dictatorships in Europe dealt a blow to the possibility of seriously imagining and carrying out an authoritarian coup—a threat which had reappeared because of the bomb attacks carried out by neo-fascist militants. It may even be said that 1974 represented the end of long-standing projects by radical anti-communist sections of the Italian ruling classes and state apparatus, whose dreams of the Republic taking an authoritarian turn were based on the USA assuming a benevolent attitude in the name of Cold War priorities.³⁴ Second, Soviet warnings of the perils of Italy’s domestic situation, replicating what had happened in Greece and Chile—warnings aimed at bringing the PCI back to its past organic link with Moscow—became even less useful. After 1974, the Soviet capacity to influence the PCI substantially declined—not least as the approval of a law on funding for political parties made the party less dependent on Moscow’s financial aid, although direct flows of money from the Soviet Union were to stop only at the end of the decade.³⁵ In fact, Moscow maintained an

³² APC, *Note alla segreteria*, mf. 201, 779–83, 10 January 1975.

³³ National Archives and Records Administration (hereafter NARA), RG 59, Kissinger’s Staff Meetings, 12 January 1975.

³⁴ Cominelli, *L’Italia sotto tutela*, 172.

³⁵ On Soviet financial aid to the PCI in the 1970s, see Valerio Riva, *Oro da Mosca. I finanziamenti sovietici al PCI dalla Rivoluzione d’Ottobre al crollo dell’URSS* (Milano: Mondadori, 1999).

indirect influence by supporting Kissinger's view of *détente* as the conservation of the *status quo*, including the veto against Italian communism.³⁶ Third, the Western international context underwent substantial changes precisely because of the fall of the Southern European dictatorships. In particular, Portugal's 'Carnation Revolution' led to the emergence of differing ideas, on both sides of the Atlantic, on how to contain the Western crisis. While Washington considered the possibility of applying to Portugal the same illiberal version of containment which had been implemented in Chile (in order to avoid the axis of government shifting drastically to the left), Great Britain, West Germany and France ruled out this possibility and aimed at supporting those political players who could guarantee a democratic transition, starting with the Socialists.³⁷

The resistance of Europe's leading countries against any doctrine of 'limited sovereignty' in the West turned out to be a successful choice, and also influenced the conduct of their US partner. The US administration and European governments both adopted a multilateral approach to crisis management, and shared the vision of Southern Europe as a unitary and interdependent theatre of crisis, including Italy.³⁸ However, US worries sharply increased as the apex of *détente* in Helsinki coincided with a substantial advance for Italy's PCI in the local elections of May 1975. In a meeting held on 1 August, at which Moro explained how the Italian Communists had their own peculiarities and were popular even among non-communist voters, Kissinger was severe in his judgement, insisting that the prospect of involving the PCI in government was 'incompatible' with NATO. Ford added that *détente* did not mean taking a less firm anti-communist line, famously remarking: 'The fact that I shake hands with Brezhnev does not mean that I wish to have him as my

³⁶Silvio Pons, 'L'Italia e il PCI nella politica estera dell'URSS di Brezhnev', in *L'Italia repubblicana nella crisi degli anni Settanta*, 1:78–81.

³⁷Mario Del Pero, 'Distensione, bipolarismo e violenza: la politica estera americana nel Mediterraneo durante gli anni Settanta. Il caso portoghese e le sue implicazioni per l'Italia', in *L'Italia repubblicana nella crisi degli anni Settanta*, 1: 123–44; Mario Del Pero, *La transizione portoghese*, in *Democrazie. L'Europa meridionale e la fine delle dittature*, eds. Mario Del Pero et al. (Firenze: Le Monnier, 2010): 95–171.

³⁸N. Piers Ludlow, 'The Real Years of Europe? US-West European Relations during the Ford Administration', *Journal of Cold War Studies* 15, no.3 (Summer 2013): 136–61; Antonio Varsori, *La cenerentola d'Europa? L'Italia e l'integrazione europea dal 1947 a oggi* (Soveria Mannelli: Rubbettino, 2010), 291–96.

vice President.’³⁹ Washington’s view of *détente* could hardly have been expressed more clearly. The USA and the Western allies were increasingly worried about the Christian Democrats’ capacity to maintain their cohesion and willingness to withstand the Communist challenge.

Instead of playing to Italy’s advantage, the reshaping of Western governance played against it. Precisely because of the democratic transitions in Southern Europe, Communist participation in government in Italy would have given rise to a troubling precedent—all the more so, as the DC’s weakness seemed liable to lead to the worst kind of prospects. The Western partners’ attitude towards handling the crisis thus became much more intransigent, as was apparent during Kissinger’s meeting with the representatives of West Germany, Great Britain and France in December 1975. Kissinger dramatically declared that ‘the dominance of Communist parties in the West is unacceptable’ because ‘the alliance, as it is now, could not survive’. European leaders, beginning with Hans-Dietrich Genscher, essentially shared his position, that is, that the PCI still believed in the ‘dictatorship of the proletariat’ and that its relative independence from Moscow had no real significance. Common sense decreed that Communist participation in Italy’s government could jeopardise the Atlantic Alliance and represent a destabilising factor.⁴⁰ The subsequent meeting in Brussels in January 1976 was only the confirmation of this stance.⁴¹ Kissinger wrote an open letter to Brandt in which he summarised the basic argument that even certain Western communist parties’ independence from Moscow would not stop them from posing a danger to ‘the political nature of our alliance’, if they did come to participate in government.⁴²

‘NATIONAL SOLIDARITY’ AND INTERNATIONAL CONSTRAINTS

The Italian case revealed the rise of a new model in Western governance, which emerged immediately after the elections of 20 June 1976. This was the moment when the PCI reached its historic electoral peak, while

³⁹NARA, RG 59, Records of Henry A. Kissinger, 1 August 1975. See Henry Kissinger, *Years of Renewal. The Concluding Volume of His Memoirs* (New York: Simon & Schuster, 2000), 629–31.

⁴⁰NARA, RG 59, Records of Henry A. Kissinger, 12 December 1975.

⁴¹NARA, RG 59, Records of Henry A. Kissinger, 23 January 1976.

⁴²Cominelli, *L’Italia sotto tutela*, 194–96.

still remaining the country's second party. In retrospect, the significance of the Western powers' Puerto Rico meeting later that same month (the first G7 summit, following that of the G6 summit in November 1975 at Rambouillet) was that of re-affirming the 'external constraint' on Italy and adapting it to the times by combining the economic and political rules of the game. The Puerto Rico summit re-asserted the unwritten rules of the bipolar order, with its decision to deny or limit economic aid to Italy if the Communists were included in government, which was made public in a statement attributed to the German Chancellor Helmut Schmidt on 15 July 1976, before the formation of the new Italian government. This was obvious interference in the internal affairs of a country which had never been—nor wanted to be—sheltered from such interference. At the same time, it was a model inspired less by pessimistic domino theories than by a positive vision of Western interdependencies, as it adopted the perspective of a stabilising intervention under the banner of defending democracy and economic conditionality.⁴³ Kissinger himself had partly re-organised his agenda by accepting the Western countries' own management of interdependence and their global relations.⁴⁴ Nevertheless, no dynamic interpretation of *détente* was accepted. After the Italian elections, Kissinger was even more insistent that Moscow's strategic interests could be 'perfectly well served by the independent Communist parties in Western Europe'.⁴⁵ This stance was implicit in Schmidt's statement. The democratic transitions in Southern Europe affected the development of the Western system, not relations between the two Europes.

Caught between the Puerto Rico warning and the impossibility of forming a government without a compromise between the poles of Italian politics, in August 1976 national forces gave life to a 'government of abstentions' under Andreotti. Such an example of national unity was very different from that of thirty years earlier, based as it was not on joint participation in the country's government, but on the asymmetry between the Christian Democrats' full control over the executive

⁴³Antonio Varsori, 'Puerto Rico (1976): le potenze occidentali e il problema comunista in Italia', *Ventesimo secolo* 7, no. 16 (2008): 89–121. See also Adriana Castagnoli, *La guerra fredda economica. Italia e Stati Uniti 1947–1989* (Roma/Bari: Laterza, 2015), 151–52.

⁴⁴Sargent, *Superpower Transformed*, 183.

⁴⁵NARA, RG 59, Kissinger's staff meetings, 1 July 1976.

(despite their minority in parliament) and the Communists sharing responsibility while remaining confined to a parliamentary role. ‘National solidarity’ represented the temporary, precarious outcome of a realistically oriented cooperation between the political blocs. At the same time, it also marked the peak of the mutual siege going back to the origins of the Republic and the Cold War. This ambivalence was to be the main feature of the 1976–79 period. The onset of ‘national solidarity’ presupposed unchanged antagonistic blocs, while their long-term mutual recognition remained something still to be built and shaped.

Andreotti’s government received its investiture from the USA. In substance, its contorted arrangement respected the warning inherent in the Puerto Rico summit. On 17 September 1976, Kissinger wrote to Andreotti, expressing the USA’s full support and promising financial aid.⁴⁶ This support implied a shift in Western perception of the Italian crisis. After Puerto Rico and the formation of a government which continued to exclude the Communists, despite their influence, the worst political and economic scenarios could be said to have been avoided. Italy remained a problem, but developments there appeared to be manageable, as the DC still maintained its centrality.

The multilateral series of interdependent relations and constraints newly established in the West for the purpose of crisis management did work, and even provided a general psychological sense of relief from the spectre of a catastrophic outcome similar to that of the 1930s.⁴⁷ Jimmy Carter’s governmental plans after his victory in the US election of November 1976—based on the principle of ‘non-interference’ in the allies’ internal affairs—also appeared to encourage the new Western governance model and consequently the ongoing experience of the Italian government. In his December 1976 trip to Washington—even before the new US administration had started work—Andreotti presented himself as the most reliable figure in Italian politics from an anti-communist standpoint, although he was neither able to provide total reassurance as to the DC’s role, nor to depict stable scenarios for the country’s

⁴⁶Istituto Sturzo, Giulio Andreotti Archive (hereafter GAA), Serie Stati Uniti d’America, b. 601, 17 September 1976.

⁴⁷Federico Romero, *Refashioning the West to dispel its Fears: The Early G7 Summits*, in *International Summitry and Global Governance. The Rise of the G7 and the European Council 1974–1991*, eds. Emmanuel Mourlon-Drouot and Federico Romero (London–New York: Routledge, 2014), 117–37.

future.⁴⁸ From that moment onwards, the Christian Democrats' strategy was ambivalent: it had to maintain a necessary truce with the Communists while also gradually reducing their popularity in the country. This was to be achieved by keeping them in the uncomfortable position of having to share responsibility for the austerity measures adopted by the government, but without really influencing its choices.

Although the Communists were aware of this risk, they believed that further steps that would open their way to government might follow. They continued to regard their dual-track strategy of 'historic compromise' and Eurocommunism as the key to complete legitimisation. Until this moment, they could count on Soviet tolerance. The Soviets had shown no reaction after Berlinguer's statement to the *Corriere della Sera* of 9 June 1976, a few days before the elections, in which the Italian Communist leader recognised in the Atlantic Alliance a greater guarantee of the PCI's autonomy than that provided by the Warsaw Pact.⁴⁹ Berlinguer took part in the conference of European communist parties held in Berlin in late June, re-affirming his Eurocommunist and pro-*détente* stance. Brezhnev and Suslov deliberately avoided any conflict,⁵⁰ and Moscow did not miss the opportunity to blame the West for the Puerto Rico episode. At this point, they may have viewed the PCI's inclusion in the Italian government as a blow to US credibility in the Western bloc, but the balance between advantages and pitfalls was rather difficult to assess: such an event would probably increase the PCI's distance from Moscow, threaten destabilisation in Eastern Europe, and damage the credibility of the Soviet leadership. The compromise reached in Berlin was a precarious one.⁵¹ The launching by Carter's administration of the 'non-interference and non-indifference' approach led to an ambiguous change. The latter is barely mentioned in the memoirs of ambassador Richard Gardner, who appears to overlook his administration's attempts to adopt a vision of interdependence free of Kissinger's 'geopolitical pessimism', and provides a retrospective account of US

⁴⁸GAA, Serie Stati Uniti d'America, b. 624.

⁴⁹Enrico Berlinguer, *La politica internazionale dei comunisti italiani* (Roma: Editori riuniti, 1976), 159–60.

⁵⁰Anatoly S. Chernyaev, *Moya zhizn' i moe vremya* [My life and my time] (Moscow: Mezhdunarodnye otnosheniya, 1995), 345.

⁵¹Pons, *Berlinguer e la fine del comunismo*, 85–89.

policies which showed them as more coherent than they actually were.⁵² The Carter administration embraced a global vision of the world order which prioritised transnational cooperation in the West, but it also took for granted the concept of interdependence with the Third World and even with the Communist bloc. The idea of a single interdependent world came to define US foreign policy.

After the Helsinki conference, the concept of human rights as the transnational issue *par excellence* assumed crucial importance.⁵³ Moving from his earlier criticism of Kissinger, the new national security advisor Zbigniew Brzezinski sought to mark his distance from his predecessor by putting an end to the prominence of the balance of power. Brzezinski saw Eurocommunism as being as much an opportunity as a problem, as it cast doubts on Moscow's influence over Western communism and helped to exploit Soviet vulnerability regarding human rights in Eastern Europe. He believed that Eurocommunist independence from Moscow potentially challenged Soviet interests, although the means and prospects of encouraging such a development were not yet defined.⁵⁴ This did not mean that the USA was to adhere to the prospect of dynamic *détente*—a misunderstanding to which observers, intellectuals and even leading figures in Italian policy circles were susceptible. They aimed at linking *détente* in Europe, rivalries in the Third World and global affairs. Gardner, close to Brzezinski thanks to personal ties and their background in the Trilateral Commission, publicly adopted a 'wait-and-see' stance when he arrived in Rome, but he also began urging Washington to focus on the problem represented by the PCI.⁵⁵ As early as March–April 1977, Brzezinski had criticised secretary of state Cyrus Vance for focusing exclusively on the Italian economic crisis, although Italy was 'potentially the most serious political problem we have in Europe today'.

⁵²Richard N. Gardner, *Mission Italy. On the Front Lines of the Cold War* (Oxford: Rowman & Littlefield, 2005).

⁵³Sargent, *Superpower Transformed*, 233–36. See also Umberto Tulli, *Tra diritti umani e distensione. L'amministrazione Carter e il dissenso in URSS* (Milano: Franco Angeli, 2013).

⁵⁴Sterling Memorial Library, Yale University, Cyrus Vance and Grace Sloan Papers, 'Memorandum on foreign policy priorities for the first six months', 3 November 1976, box 9, f. 19.

⁵⁵Gardner, *Mission Italy*, 68.

Andreotti was well aware of such a position and knew that it was likely to reinforce Washington's support for his government.⁵⁶

In other words, although Italian actors were not wrong in perceiving a change in US policy, Washington's new orientation was largely misinterpreted as either dangerous or a sign of beneficial 'open-mindedness'. Many feared, or hoped, that the margins of national politics had substantially broadened. More particularly, the Communists had cultivated hopes of change even before the US elections, when Sergio Segre, the head of the PCI's Foreign Department, was invited to a meeting of the Trilateral Commission, and reported to Berlinguer that Brzezinski was 'a man open to dialogue and novelty'.⁵⁷ The PCI's expectations were further encouraged by the positive reception of Eurocommunism among many liberal intellectuals in the USA, such as Peter Lange, Stanley Hoffman and others. However, Eurocommunism could not provide the PCI with complete legitimacy. It created empathy in sectors of Western public opinion, but brought it no significant support. This was rather disappointing for a party which aspired to govern a key country in the West and overcome the vetoes of the Cold War. While the Italian Communists cultivated an *Ostpolitik* inspired by their 'reform communism', they did not really outline a *Westpolitik* aimed at establishing clearly defined relations, either with Europe's governmental left or with the Carter administration. The PCI's relationship with the European Social Democrats remained vague and fragile, despite similarities in their respective political agendas. Although their mutual contacts intensified, even the most empathic leaders like Brandt were very cautious about establishing open collaboration, fearing that Eurocommunism might serve to destabilise *détente*.⁵⁸ Italian Communists were no less cautious. Their optimistic view of *détente*, combined with their enduring liaison with the communist world, prevented them from assuming *Westpolitik* as

⁵⁶GAA, Serie Stati Uniti d'America, b. 596, 14 March 1977. NARA, RG 59, Central Foreign Policy Files, 7 April 1977. Zbigniew Brzezinski, *Power and Principle. Memoirs of the National Security Adviser 1977–1981* (New York: Farrar Straus Giroux, 1983), 312.

⁵⁷APC, Note alla Segreteria, 24 September 1976, mf 0243.

⁵⁸Michele Di Donato, *I comunisti italiani e la sinistra europea (1964–1984). Il PCI e i rapporti con le socialdemocrazie* (Roma: Carocci, 2015), 167–75.

a priority. Giorgio Napolitano, the Italian Communist leader held in the highest esteem in the West, was the first to visit the USA, but he only did so in 1978.⁵⁹

Thus, no opening of Western credit balanced growing Soviet hostility as the attraction which the PCI exerted upon certain Eastern European establishments—above all, Warsaw and Budapest—became apparent and its experience of ‘national solidarity’ confirmed its trajectory away from Moscow’s influence. The Soviet decision to launch a counter-offensive against Eurocommunism emerged early in 1977, and coincided with the Carter administration’s campaign over human rights, which Moscow saw as the end of Kissinger’s guarantee that *détente* meant *status quo*.⁶⁰ The February 1977 Eurocommunist summit in Madrid re-affirmed the idea of exploiting the space offered by *détente* to effect political change in national government, while challenging Soviet orthodoxy and even dissenting on the problem of human rights. Moscow increased the degree of hostility against Eurocommunism, characterising it as a form of ‘revisionism’, and began its covert operations to discredit Berlinguer.⁶¹ Even a reform-oriented official of the CPSU International Department like Anatoly Chernyaev thought that Brzezinski ‘has started playing with Eurocommunism’ in a way which could become ‘more dangerous than the nuclear potential of the USA’ for an ‘ideological power’ like the

⁵⁹Both the PCI’s efforts at *Westpolitik* and its limits are apparent from Napolitano’s memoirs. See Giorgio Napolitano, *Dal PCI al socialismo europeo. Un’autobiografia politica* (Roma/Bari: Laterza, 2005), 128–29, 158–59. See also *The Italian Road to Socialism. An Interview by Eric Hobsbawm with Giorgio Napolitano of the Italian Communist Party* (London: Lawrence Hill, 1977). See Di Donato, *I comunisti italiani*, 192 et seq.; Laura Fasanaro, ‘The Eurocommunism Years: The Italian Political Puzzle and the Limits of the Atlantic Alliance’, in *Atlantic, Euro-Atlantic, or Europe-America?*, eds. Valérie Aubourg and Giles Scott-Smith (Paris: Soleb, 2009), 548–72; Valentine Lomellini, *The PCI and the USA: Rehearsal of a Difficult Dialogue in the Era of Détente*, *Journal of Modern Italian Studies* 20, no. 3 (2015): 346–60.

⁶⁰Vladislav M. Zubok, *A Failed Empire. The Soviet Union in the Cold War from Stalin to Gorbachev* (Chapel Hill: The University of North Carolina Press, 2007), 254–56.

⁶¹APC, Estero, 1977, mf 0297, 1494–95. Chernyaev, *Moya zhizn’ i moe vremya*, 349; Christopher Andrew and Vasilij Nikitich Mitrokhin, *The Sword and the Shield. The Mitrokhin Archive and the Secret History of the KGB* (New York: Basic Books, 2000), 277–78.

Soviet Union.⁶² The Italian Communists were aware that there would be reaction from Moscow. Nevertheless, Berlinguer kept the conflict from becoming common knowledge, believing that a break with Moscow would damage the PCI more than enduring ties would hinder it. These ties could, after all, allow Western communists to stimulate change in Eastern Europe and international communism. As a result, serious controversy emerged between the goal of Western legitimization and the party's identification with 'reform communism'.⁶³

Unlike the PCI, the DC continued to enjoy significant international support, although relations with Washington were subject to tension. The DC were also divided between differing visions of anti-communism and of how relations with the US and European partners should be managed. A significant number of Christian Democrats openly argued in favour of terminating any collaboration with the Communists, and maintained their own contacts with Gardner.⁶⁴ Even more importantly, a discrepancy again emerged between Moro and Andreotti. Moro imagined gradually expanding the institutional foundations of the Republic and convincing its Western allies to accept some change in the Cold War constraints on Italy—although not to the point of envisaging a political alliance with the Communists. In this respect, he was the main architect of the governmental programme negotiated with the PCI in May–June 1977—and this was also how the US administration perceived him.⁶⁵ Instead, Andreotti saw 'national solidarity' as a necessary path towards recovering the DC's guarantor role within the traditional context of relations with the USA. At his meeting on 26–27 July 1977 with Carter in Washington, Andreotti aimed at consolidating his own government's position. He presented a vision of *détente* which excluded any idea of sudden change, remarking that it was necessary not 'as has occurred at times, to confuse *détente* with a lack of vigilance, because *détente* (...) rests upon the balance of forces'. On internal policy, Andreotti maintained that the government programme—as agreed upon among the

⁶²Anatoly Chernyaev, *Sovmestnyi iskhod. Dnevnik dvukh epokh 1972–1991 gody* (Moscow: ROSSPEN, 2008), 269.

⁶³Pons, *Berlinguer e la fine del comunismo*, 104–11.

⁶⁴GAA, Serie Stati Uniti d'America, b. 598, 1 February 1978.

⁶⁵AAM, b. 34, fasc. 740. Gentiloni Silveri, *L'Italia sospesa*, 200.

main parties by mid-July—would be ‘unachievable’ without political and trade union deals. But he also pointed out that the austerity policy had ‘created difficulties for the PCI’, and that the DC held to a line firmly and consistently opposed to including Communists in the government. He presented plans for restoring order and implementing austerity to deal with Italy’s terrorist and economic emergencies—possible thanks to the ‘situation of non-belligerence between the parties’—as top priority for the Western system.⁶⁶ In other words, he deftly argued in defence of his own government’s role as the national guarantor of the Western alliance. Carter even avoided repeating the US veto against Communist participation in government, as he probably considered it superfluous after the Italian leader’s reassurances.⁶⁷

Thus, Andreotti presented a vision of ‘national solidarity’ consistent with the ‘external constraint’ and implying a strategy of attrition. A plan had emerged which aimed much more forcefully at wearing down Italian communism than at including it within the sphere of governmental legitimacy. Andreotti was its most consistent exponent, although all the Christian Democrat leaders, including Moro, shared the idea of eroding and limiting the PCI’s popularity. This strategy was not contradicted by the foreign policy document which all the parties of Italy’s ‘national solidarity’ majority signed between October and November 1977, re-affirming the country’s link with both the European Community and the Atlantic Alliance. The PCI’s international position was further emphasised by Berlinguer’s speech in Moscow on the occasion of the sixtieth anniversary of the October Revolution, in which he invoked the ‘universal value’ of democracy and raised tension with the Soviet leadership to its highest point.⁶⁸ However, the document on foreign policy concluded at the end of 1977 was a mere corollary to previous agreements on domestic politics, in view of a temporary understanding among the leading national forces. The tension between Andreotti and Gardner in late 1977 only concerned the tactics by means of which they believed they could achieve a shared objective. In a comment on Gardner’s memoirs, Andreotti later recalled that he was ‘very annoyed’ by the ambassador’s

⁶⁶GAA, Serie Stati Uniti d’America, b. 589, 26–27 July 1977.

⁶⁷Gardner, *Mission Italy* 103.

⁶⁸APC, Fondo Berlinguer, serie MOI, fasc. 151. A. Rubbi, *Il mondo di Berlinguer*, Napoleone, Rome, 1994, 108–14.

insistence on US concerns about Communist influence, as 'preventing Communists going beyond the limit-point was our precise political goal, and we did not need anyone to call us to order'.⁶⁹

International players remained inflexible and even hostile towards further changes in Italy. A session of the Trilateral Commission held in Bonn in late October 1977 demonstrated that the Italian Communists could gain the consensus of individual political figures but not of key decision-makers, and still less of the US ambassador in Rome. The Trilateralist Gardner found himself in harmony with Kissinger, who warned of the PCI's continuing anti-NATO attitudes, while criticising the German Social Democrat Horst Ehmke and also the Carter administration for its 'soft' approach.⁷⁰ According to an anonymous source in the PCI's possession, Brzezinski believed that the USA would continue to follow their line of non-intervention, but only if the German government agreed. This information may have been oversimplified, as it suggested that an even more important priority for the PCI was to open a dialogue with Bonn, rather than break with Moscow.⁷¹ However, the information served to clarify the fact that there was no short-term prospect of any revision of the 'external constraint' on Italy.

BACK TO THE COLD WAR

The governmental crisis which began in late 1977, triggered by the PCI's ultimatum of demanding entry into the government, once again brought Cold War imperatives into the limelight. Berlinguer was trying to avoid further problems and provide acceptable responses to growing protests, not only in the party's social base but also on the radical left. The DC responded by agreeing to the possibility of including the Communists in the majority, but firmly excluded their participation in government. The USA reacted promptly. Brzezinski had already addressed the question of Eurocommunism, as a consequence of increasing international concern as well as domestic criticism of the Carter administration for being too 'soft' on Italy. During December 1977 and

⁶⁹GAA, Serie Stati Uniti d'America, b. 598, n.d.

⁷⁰Gardner, *Mission Italy*, 116–17.

⁷¹APC, Note alla Segreteria, 4 November 1977, mf 0309.

in early January 1978, Gardner urged his administration to prevent any step which would strengthen Communist influence.⁷² He then went to Washington, where he took part in a presidential meeting on 11 January 1978 and argued strongly in favour of a firm US stance in obstructing the creation in Italy of an emergency government which would include the PCI. The following day, the State Department released a statement re-affirming the US veto against communist participation in the governments of countries which were members of the Atlantic Alliance. Ambassador Gardner claimed to have contributed decisively to forging a 'bipartisan position in American policy on the PCI issue'.⁷³ However, returning to Kissinger's model was not an outcome which the Carter administration had intended to achieve. The administration's attempts to provide new approaches to Europe, Italy and the Communist question were more serious than historians have usually conceded, although they ultimately proved to be indecisive, as the principle of 'non-interference and non-indifference' never became a consistent strategy.⁷⁴ The crisis of bipolar *détente*, the reluctance on the part of the European allies (the first being West Germany) to alter the long-term perspective of *détente*, US domestic pressures and Italian national contradictions, all combined to thwart any models alternative to Kissinger's. In Italy, this was the moment of the very clear disparity between a national trajectory registering the Communists' legitimate, albeit contested, demand to take a forward step in the sphere of national government, and an international environment which made such a demand substantially illegitimate.

The divergence between domestic and international trajectories aggravated tensions. The PCI reacted angrily to the US statement. However, its major weakness was that it was obliged to face a governmental crisis without the support of any international partner, even in Western

⁷²NARA, Central Foreign Policy Files, RG 59, Rome20693, 16 December 1977; Ibid., Rome20997, 22 December 1977; Ibid., Rome00062, 3 January 1978.

⁷³Gardner, *Mission Italy*, 114–17, 143–44. The personal role played by Gardner is down-sized by Heurtebize, *Le péril rouge*, 270–76.

⁷⁴Olav Njolstad, 'The Carter Administration and Italy: Keeping the Communists out of Power without Interfering', *Journal of Cold War Studies* 4, no. 3 (2002): 56–94; Irwin Wall, 'L'amministrazione Carter e l'eurocomunismo', *Ricerche di storia politica*, no. 2 (2006): 181–96; R.D. Portolani, *The United States and Eurocommunism*, Ph.D. Dissertation, University of Rome 'Tor Vergata', 2015. The question of Italy and Eurocommunism in US foreign policy is poorly treated by Sargent, *Superpower Transformed*.

Europe. The statement also produced irritation in the DC—not so much out of national pride, but because it weakened its image of autonomy as it faced the Communists' challenge.⁷⁵ Nevertheless, by placing an explicit limit on national margins of manoeuvre, Washington actually supported the DC's continued unity. After all, it re-assured the DC's more conservative members, who were strongly opposed to 'national solidarity' and represented a conglomerate of forces exclusively driven by blind anti-communism (as even Gardner recognised).⁷⁶

Since the period before the governmental crisis, Moro's political discourse had focused on policy convergences, excluding more significant political understandings. In November 1977, he coined the famous turn of phrase 'parallel convergences'—a Byzantine formula in which the adjective was no less important than the noun—in order to signify collaboration without contamination. Although he appreciated the importance of the parties' 'common feeling' in facing the country's crisis, he never forgot that the DC and PCI were 'ideally alternative parties' and that any agreement between them would also have to face their constitutive differences. He became the lynchpin of the operation seeking to create 'more advanced equilibria' and, after the onset of the governmental crisis, established a dialogue with Berlinguer. However, he also explained in no uncertain terms his refusal to accept the PCI in government, both for internal reasons (the risk of a rupture in the DC and even more radical opposition to 'national solidarity' among young people) and for international ones (opposition from Washington, but also from the leading European allies).⁷⁷

On 21 December, Moro asked Gardner whether the USA would support an attempt to negotiate the inclusion of the Communists in the parliamentary majority. He thought that US intervention in Italian politics would be appropriate only in the event of failure in negotiations and early elections.⁷⁸ In his last meeting with Gardner, on 2 February 1978,

⁷⁵GAA, Serie Stati Uniti d'America, b. 598, 13 January 1978. See also Giulio Andreotti, *Gli USA visti da vicino. Dal Patto Atlantico a Bush* (Milano: Rizzoli, 1988), 118. Andreotti had warned Gardner that he would not welcome a US statement against the PCI's involvement in the Italian government: NARA, Central Foreign Policy Files, RG 59, Rome00512, 9 January 1978.

⁷⁶Gardner, *Mission Italy*, 121, 137–8.

⁷⁷Luciano Barca, *Cronache dall'interno del vertice del PCI. Con Berlinguer*, vol. 2 (Soveria Mannelli: Rubbettino, 2005), 704–5, 709–10.

⁷⁸Gardner, *Mission Italy*, 139.

Moro maintained that it was necessary to continue to buy time and keep some agreement with the Communists, as one more year was needed to create an electoral atmosphere in which the PCI would lose considerably and the DC gain strongly.⁷⁹ According to Gardner's memoirs, Moro told him that he understood the US declaration of 12 January.⁸⁰ In his *Memoriale*, written while he was a prisoner of the Red Brigades, Moro recalled that the ambassador 'neither agreed nor objected' to his strategy 'of moving from non-opposition to assent', while excluding 'a general political alliance' with the Communists.⁸¹ In other words, there was mutual understanding between Gardner and Moro, although as we now know this was only a sequel to previous contacts with Andreotti's entourage. The previous day, speaking to the prime minister's diplomatic advisor, Gardner had expressed US support for the decision to avoid early elections and create a new government.⁸² Such a complex equilibrium allowed Moro to receive assurances from his party for a new Andreotti government, this time supported by a parliamentary majority which would include the Communists.⁸³

In his speech to the DC's parliamentary groups on 28 February 1978, Moro emphasised the risk of 'mutual paralysis' between the blocs and the role of emergency in including the Communists in the parliamentary majority. However, he also excluded 'full political solidarity'. He invoked Christian Democrat 'hegemony', although admitting that it had been 'attenuated'. And he defended the DC's 'identity', which was obviously linked to its central importance in the Italian political system.⁸⁴ In other words, he saw that the opening of a new chapter of 'national solidarity' was necessary, but did not suggest any prospect of national unity in government, and indeed thought it was impossible.⁸⁵ Gardner endorsed this

⁷⁹NARA, Central Foreign Policy Files, RG 59, Rome02197, 3 February 1978.

⁸⁰Gardner, *Mission Italy*, 159.

⁸¹*Ibid.*, 181.

⁸²GAA, Serie Stati Uniti d'America, b. 598, 1 February 1978.

⁸³Formigoni, *Storia d'Italia nella guerra fredda*, 505–10.

⁸⁴AAM, Serie scritti e discorsi, b. 35, fasc. 768.

⁸⁵Agostino Giovagnoli, *Il caso Moro. Una tragedia repubblicana* (Bologna: Il Mulino, 2005), 30.

DC strategy at the NSC meeting on Italy held in Washington early in March 1978.⁸⁶

Moro's kidnapping on 16 March and his tragic assassination by the Red Brigades just before his body was found on 9 May 1978, has often been interpreted as an international plot crafted by either Washington or Moscow—or even, indirectly, by major forces of the Middle Eastern conflict in some way connected with the Cold War context. The most highly informed reconstructions exclude the reliability and seriousness of such a view, which reduces the Brigades to mere executors manipulated by others.⁸⁷ Gardner did offer Andreotti US collaboration in acquiring information on the Red Brigades and their international connections. According to US intelligence, there was no evidence implicating the communist regimes 'in precise terms', except for 'vague hints' which pointed to Czechoslovakia.⁸⁸ The Italian Communists mentioned similar indications, although we do not know their sources.⁸⁹ Brzezinski's basic assessment, even before the 'Moro affair', was that Red terrorism in Italy represented 'essentially a domestic phenomenon'.⁹⁰

In any case, the USA strongly supported Andreotti and his government's decision to refuse any negotiation with the terrorists. A few days after the kidnapping, on 22 March, while talking to the prime minister's diplomatic advisor, Gardner criticised Moro for 'having given the impression of having resigned himself to the Communists' entry into government', thus showing that he had not fully believed what Moro had told him in February, and declared that Andreotti was 'from our point of view the only political leader able to govern Italy'.⁹¹ In early May, Brzezinski expressed to Andreotti, through Gardner, Washington's appreciation of the firm line his government had taken, as well as its concern over any 'destabilising' consequences of the Italian Socialists'

⁸⁶Gardner, *Mission Italy*, 164.

⁸⁷On the question of the international links of Italian terrorism, see Giovanni M. Ceci, *Il terrorismo italiano. Storia di un dibattito* (Roma: Carocci, 2013), 55–70, 263–70.

⁸⁸GAA, Serie Stati Uniti d'America, b. 598, 22 March 1978.

⁸⁹Ugo Pecchioli, *Tra misteri e verità. Storia di una democrazia incompiuta* (Milano: Baldini & Castoldi, 1995), 80.

⁹⁰Gardner, *Mission Italy*, 173.

⁹¹GAA, Serie Stati Uniti d'America, b. 598, 22 March 1978.

position in favour of negotiating with the terrorists.⁹² From this standpoint, the US presence in the ‘Moro affair’ should not be neglected. However, nor should Washington be viewed as a source of shadowy plotting, but as a visible player deploying its influence in consolidating the main orientation of the DC and the government, which also enjoyed the PCI’s consent. In his letters from his Red Brigade ‘prison’, Moro often hinted at the role he felt the US was playing in thwarting the possibility of negotiations.⁹³

We need not entertain conspiracy theories in order to understand that the ‘Moro affair’ had enormous political implications. Moro symbolised many things at the same time: Christian Democrat power and attempts to reconstruct its hegemony on new foundations; co-opting a major communist party into a sphere of Western power; and a national change partly conceived outside the framework of the Cold War. Each of these viewpoints earned him many enemies. As far as we know, the Red Brigades’ interrogations of Moro revolved round the concept of the Christian Democrat ‘regime’ being merely an emanation of US capitalism, but their language also revealed awareness of the intertwining of all these elements.

The year 1978 has often been viewed as an epoch-making division in contemporary Italian history, due to Moro’s assassination and the subsequent end of collaboration between the DC and the PCI. In many respects, such a viewpoint inevitably focuses on the consequences of violence and terrorism in Italian Republican history. Nevertheless, the epoch-marking significance of 1978 should be understood in a wider context. This is not a matter of reducing the enormous emotional and symbolic impact of terrorist violence on the entire national community, and even less of devaluing Moro’s standing as a public figure. However, two points must be stressed. First, the experience of ‘national solidarity’ had already appeared to be weakened before the ‘Moro affair’, and the inclusion of the Communists in the majority was unlikely to be an enduring solution—let alone a step towards their participation in government. Second, the ‘Moro affair’ coincided with the definitive crisis of *détente* between the superpowers, which made the international environment

⁹²GAA, Serie Stati Uniti d’America, b. 598, 3 May 1978.

⁹³Aldo Moro, *Lettere dalla prigionia*, ed. Miguel Gotor (Torino: Einaudi, 2008), 7–8, 29, 41, 171.

even more impervious to any national unity in Italy. Berlinguer's combination of 'historic compromise' and Eurocommunism was in a critical state, and the risk of attrition materialised in the PCI's disappointing results in the local elections of May 1978. The elderly leader of the moderate wing of the party, Giorgio Amendola, criticised Berlinguer by asking for a new pacifist mobilisation, which would hardly have been compatible with the 'national solidarity' framework.⁹⁴

The PCI's political predicament did not lead to any *rapprochement* with Moscow. On the contrary, their mutual relations reached a pinnacle of conflict in October 1978. During his visit to Moscow, Berlinguer held positions hardly reconcilable with the Soviet Communists on the topics of pluralism and human rights. The ideologues Suslov and Ponomarev immediately accused the Italians of entering the enemy camp. Brezhnev maintained that the 'national unity' government had bound Italy closely 'to the American military machine and to NATO'.⁹⁵ Berlinguer understood that Brezhnev was no less hostile to the Italian Communists' entry into government than Kissinger and Brzezinski had been.⁹⁶ Although the Soviets could not force the PCI to re-align along traditional Cold War patterns, their angry reaction was successful in dividing and weakening the Eurocommunist movement, which had declined by late 1978.⁹⁷ In this respect, the prospect of 'national solidarity' and the PCI's chances in Italy were definitely constrained by the bipolar framework as a whole, thus contributing to rendering null and void any alternative facilitating an authentic transformation of bloc politics. The new pacifist mobilisation now appearing in Western Europe interacted with the scenario of increased economic conditionality, since Andreotti's government planned to join the European monetary system, which involved an additional

⁹⁴APC, Fondo Berlinguer, Politica interna, fasc. 525.

⁹⁵APC, Direzione, Allegati, mf 7812, 19 ottobre 1978. Silvio Pons, 'Meetings Between the Italian Communist Party and the Communist Party of the Soviet Union, Moscow and Rome, 1978–80', *Cold War History*, no. 3, 2002, 157–66.

⁹⁶Rubbi, *Il mondo di Berlinguer*, 142.

⁹⁷Silvio Pons, 'The rise and fall of Eurocommunism', in *The Cambridge History of the Cold War*, eds. Melvyn P. Leffler and Odd A. Westad (Cambridge: Cambridge University Press, 2010), 3: 45–65.

‘external constraint’.⁹⁸ The final crisis of ‘national solidarity’ arose in early 1979, with the PCI’s return to opposition in the first few months of that year. After the elections in June and the start of the Euromissiles dispute, a centre-left coalition government confronted a defeated, although still resilient, Communist opposition, again following a well-established pattern.

Protagonists, cultures and power relations were all changing Italy’s political landscape. The DC was obliged to confront an ongoing crisis of its political importance to Republican space. Liberal anti-communism, as represented by Bettino Craxi’s Socialist party, was challenging traditional Catholic models well before it took over the leadership of the government in the 1980s. The PCI’s condemnation of the Soviet invasion of Afghanistan showed how far the party was now removed from the Soviet bloc, while also emphasising the party’s vocation of ‘reform communism’. In addition, new pacifist, ecologist and feminist movements imposed their own agendas on the traditional political parties, representing a transnational perspective which was hardly in accord with bloc alignments. In other words, profound transformations were taking place in Italy’s political culture, as elsewhere in Western Europe, while the emergence of Soviet socialism’s crisis of legitimacy was irreversibly modifying perceptions and identities, displacing the Cold War’s ideological legacy as a context for opposed perspectives on modernity.⁹⁹ However, all these cultural adjustments and revisions were trapped within a still unyielding framework, which ultimately proved to contain changes in identity rather than being affected by them. Although the Cold War was the over-arching element which presided over the Italian tragedy, at the end of a decade of crisis, conflict, compromise, dissent and violence, it ultimately represented the major stabilising factor in politics.

CONCLUSIONS

The global crisis of the 1970s basically produced two opposing political responses in Italy, and an outcome which was to determine the shape of the Republic until the end of the Cold War. In the middle of

⁹⁸Varsori, *La cenerentola d’Europa?*, 314–29.

⁹⁹See Simona Colarizi et al. (eds.), *Gli anni Ottanta come storia* (Soveria Mannelli: Rubbettino, 2004).

the decade, the leaderships of the two main political forces, in their different ways, called for changes in the 'external constraint', as they each imagined forms of co-managing the crisis which were more demanding than what the bipolar order suggested. Their political discourse and strategy aimed at liquidating past dichotomies, reflected the growing detachment of important sectors of public opinion from the domestic legacy of the Cold War, and interpreted *détente* as a framework for change in Europe. However, neither Moro nor Berlinguer fully realised the nature of *détente*, and they both underestimated the reaction on the part of the great powers. Although the Cold War was manifestly of ever lessening importance as a disciplined world view and a mechanism for mobilisation, the constraints of the bipolar order still remained in place. No less importantly, the identity and structure of each of the poles of Italian public life had been deeply affected by the previous three decades. A similar dilemma was also to mark the experience of 'national solidarity'—indeed, tragically so. The paradox of 'national solidarity' was that, while it proved effective in containing the economic crisis, even adopting significant welfare measures which became rooted in the country's social relations, it ended in political failure, revealing itself unable to open new avenues for dialogue.

The complex set of forces militating against 'national solidarity' appeared both fierce and robust, distributed as they were across several fronts of national and international politics and involving movements, parties and governments. The crucial point, however, was the combination between inflexible external influences and the division of Italy as a political nation due to the Cold War. The basic weakness of 'national solidarity' was that the cooperation which was undertaken in order to confront an emergency did not create any common domestic front on which to re-negotiate 'external constraint'. Moro and Berlinguer did not agree on any shared design with this in mind. What they did share was an understanding about how to deal with the country's emergency, combined with a vague consensus about broadening the foundations of the Italian state. At the same time, these two leaders were divided by their need to affirm their own, opposing identities, fundamental to their respective constituencies, as well as by their external compatibilities. The legacy of this mutual siege of two poles co-existed with national solidarity, and it was eventually this legacy which prevailed, through its interactions with the influence of the 'external constraint'. It may be said that,

by the end of the decade, Italy faithfully reflected the ‘revenge of geopolitics’ emerging in US foreign policy and Western conduct.¹⁰⁰

The Cold War gradually imploded as a global order, while Western Europe preserved *détente* and reached a deeper sense of its identity. It was this very identity which was soon to see it plan and develop the project of a monetary union.¹⁰¹ However, the legacy of the Cold War persisted in defining forms of sovereignty and political spaces across the entire continent of Europe. Italy provided striking evidence of this enduring legacy, even within the increasing multilateral framework of the West. The bipolar ‘external constraint’ represented a shelter from ‘global shock’ and a reassuring kind of perimeter fence which most Italians considered necessary, despite their ongoing reluctance to accept all its consequences. The enduring importance of Italy to Cold War strategies—further enhanced by the Euromissiles problem—could be seen to counter-balance the country’s economic weakness and exposure to the gospel of de-regulation, monetary discipline and competition which, by the late 1970s, had assigned a new world-wide meaning to the concept of interdependence. The Italian Communists had no alternative external connections to offer—especially as distinctions between Europeanism and Atlanticism had proved to be unrealistic—while their distancing from the Soviet Union meant that they themselves could hardly believe in an old-fashioned ‘civilisational choice’. Their anti-Americanism provided a vital source of identity, to an even greater extent with the advent of Ronald Reagan, and their dreams of a ‘third way’ were essentially intended as another such source.¹⁰²

Ultimately, the Cold War proved to be the essential factor stabilising Italy’s political order, even before the establishment of the Reagan administration. However, this factor hardly represented a long-term solution. The pattern of bipolar division did not prevent Italy’s post-industrial modernisation, but there was to be no true rescue from the crisis of political legitimacy which emerged in the 1970s. This pattern provided stability for some time, but it also created paralysis and

¹⁰⁰Sargent, *Superpower Transformed*, 261 et seq.

¹⁰¹Silvio Pons and Federico Romero, ‘Europe between the Superpowers 1968–1981’, in *Europe in the International Arena during the 1970s. Entering a Different World*, eds. Antonio Varsori and Guia Migani (Brussels: Peter Lang, 2011), 85–97.

¹⁰²Brogi, *Confronting America*, 367 et seq.

increasingly eroded the credibility of the main parties among large sectors of Italian society. Although the late Cold War consensus fuelled the trans-Atlantic nexus and restored a reassuring sense of US supremacy, it also prevented political innovation within a context of increasing economic globalisation and media modernisation.¹⁰³ In the aftermath of the fall of the Berlin Wall, irreparable de-legitimation would lead the Italian political system to collapse.

¹⁰³On Italy, global processes and the end of the Cold War, see Silvio Pons, Adriano Roccucci and Federico Romero (eds.), *L'Italia contemporanea dagli anni Ottanta a oggi. I. Fine della guerra fredda e globalizzazione* (Roma: Carocci, 2014).

Under a Multinational Mantle: Italy's Participation in the G7 (1975–76)

Marinella Neri Gualdesi

The West underwent a leadership crisis in the mid-1970s. The USA, after the collapse of Saigon and withdrawal from South-East Asia, presented an image of diplomatic weakness and defeat, which the Ford presidency—not legitimised by popular vote but a mere expression of internal difficulties after Nixon's resignation—only further aggravated.

The economic woes caused by the end of the Bretton Woods system and the monetary disorder were further amplified by the oil shock. The effects of this crisis obliged Europeans to acknowledge the interdependence of the global economy and to favour a multilateral, cooperative solution. The European initiative, aiming to fill the vacuum left by weakened US power, led to the creation of the G7.¹ This chapter reconstructs the turning-point which led to Italy's entry into this group of major

¹On the creation and evolution of institutionalised summits, see Emmanuel Mourlon-Druol and Federico Romero (eds.), *International Summitry and Global Governance. The Rise of the G7 and the European Council, 1974–1991* (London: Routledge, 2014).

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Western powers, the problems which had to be overcome and the motivations which guided the choices of the parties involved.²

French president Valéry Giscard d'Estaing was the first to propose a meeting of the four major Western powers to discuss economic and monetary problems. In June 1975, Giscard d'Estaing began talks with the US ambassador about joint action with the USA to deal with the crisis.³ In fact, credit for the proposal should be shared with the German chancellor Helmut Schmidt⁴: while Giscard aimed at a mere monetary conference—to discuss a return to fixed exchange rates based on the gold standard—Schmidt, in view of US opposition to the idea, suggested that the discussion should be expanded to include economic and energy issues as well. This institutional innovation proposed by France sought to meet expectations of a global governance-based solution to the economic crisis, through joint action by the industrialised democracies. Giscard's initial idea was to break ties with traditional leaderships, in keeping with the latest trend—the rise of non-governmental actors and multinational corporations—which was reflected also in the institutional landscape; for instance, in union summits and the Trilateral Commission of 1973.⁵ This first wave of globalisation in the mid-1970s drove the Western nations to organise themselves into a new form of international cooperation, to reflect the wish to redefine room for manoeuvre in order to manage interdependency more effectively, while regaining trust in national leaderships' ability to take collective action—what Schmidt defined as 'management from the top'.⁶

²This chapter is based mainly on French archives: The Archives of Ministry of Foreign Affairs (site de La Courneuve) and the Presidential Papers of Valéry Giscard d'Estaing (site de Pierrefitte sur Seine).

³Foreign Relations of the United States (hereafter FRUS), 1973–1976, vol. XXXI, Foreign Economic Policy, doc. 91, Telegram from Embassy in France to Department of State, Paris, 25 June 1975, 300–01.

⁴On the role of the German chancellor Helmut Schmidt in the establishment of the first world economic summit, see Elizabeth Benning, 'The road to Rambouillet and the creation of the Group of Five', in *International Summitry*, 39–63.

⁵On the role played by the Trilateral Commission in shaping a Western technocratic élite, see Giuliano Garavini, *After Empires. European Integration, Decolonization and the Challenge from the Global South, 1957–86* (Oxford: Oxford University Press, 2012), 206–07.

⁶Quoted in Emmanuel Mourlon-Druol, 'Managing from the Top: Globalisation and the Rise of Regular Summitry, Mid-1970s–early 1980s', *Diplomacy & Statecraft*, no. 4 (2012), 696.

The French president's proposal to organise a forum among the Western world's top leaders—a face-to-face discussion—was therefore impeccably timed, although his primary goal, a return to fixed exchange rates, did not find agreement among his partners. The USA, in particular, opposed it: 'Unfortunately, any conference for this purpose would take on the appearance of a European *démarche* on the administration in favour of more expansionary US economic policies—an even larger budgetary deficit. It would constitute interference in US domestic affairs on a politically divisive issue.'⁷

Initially, therefore, the USA reacted rather sceptically to the French proposal. During a meeting in Bonn on 27 July 1975 among Schmidt, Genscher, Ford and Kissinger, the German chancellor had a decisive argument with which to persuade the USA: 'The economic problems are a greater threat to the West than the Soviet Union, the Middle East or Southern Mediterranean problems. Giscard and I both feel that the strongest country—the US—must take the lead. It is a dramatic situation.' With an explicit reference to Italy, he added: 'The political effects of the recession—really a depression—threaten political stability in several countries—Italy, where the Christian Democrats may accept the Communists in government.'⁸

Although it was true that the creation of summit meetings was linked to the economic crisis and less strictly to the topic of the Cold War, concerted action by Western nations would also serve as a means of safeguarding the liberal capitalist model. As President Ford clearly stated at Rambouillet, the goal was to prevent the economic situation from being regarded as a crisis of the 'democratic or capitalist system'. In the end, US reservations succumbed to prevailing political considerations—partly because US economic strategy could have benefited from the summit, by putting the common interests of industrialised countries in first place. As Egidio Ortona, the Italian ambassador in Washington, pointed out, the US administration was concerned that European initiatives for dialogue with the Third World—in particular, the Lomé Convention and Great

⁷FRUS 1973–1976, vol. XXXI, Foreign Economic Policy, doc. 93, Memorandum From Secretary of the Treasury Simon to President Ford, Washington, 26 July 1975, 303–04.

⁸FRUS, 1973–1976, vol. XXXI, Foreign Economic Policy, doc. 94, Memorandum of Conversation, Bonn, 27 July, 311.

Britain's initiative on raw materials within the Commonwealth—would end up by isolating the USA.⁹

On the occasion of the closing ceremony of the Commission on Security and Cooperation in Europe (CSCE) at the British Embassy in Helsinki on 31 July 1975, the idea of an international conference on economics took shape during a quadripartite meeting of Ford, Giscard, Schmidt and Wilson. It had been the intention of the French that the meeting would be restricted only to the 'Group of Five' (USA, Great Britain, France, Germany and Japan), whose finance ministers formed the Library Group—so-called because one of their first meetings in 1973 had taken place in the library of the White House.¹⁰ These were also the five permanent members of the Executive Board of the IMF.

During his meeting with President Ford in Bonn on 27 July, Schmidt had shown himself to be very concerned about the Italian situation. In speaking of a summit conference to discuss issues of world economy and the world monetary system, he had indicated 'possibly also Italy' among its participants.¹¹ Italy's participation in the group of the most industrialised Western countries, based on economic and financial grounds rather than political, military or strategic ones, was not at the time a foregone conclusion. In the mid-1970s, Italy was undergoing a phase of great weakness and appeared to be the 'Great Sick Man of Europe'. The country was afflicted by several elements of crisis: political and monetary instability, terrorism, social conflict and growing unemployment. Among the industrialised democracies of the West, Italy appeared to be a potentially destabilising actor in a system which was already undergoing

⁹Archivio Centrale dello Stato, Carte Moro (hereafter ACS CM), Presidenza del Consiglio dei Ministri (hereafter Pcm), b.123, Ambasciata d'Italia, Washington D.C., Note by Ambassador Ortona before the visit of the Presidente of the United States Gerald Ford to Rome, 22 May 1975. On the European Community policy for the South, see Jean Marie Palayret, 'Mondialisme contre régionalisme: CEE et ACP dans les négociations de la Convention de Lomé', in *Inside the European Community. Actors and Policies in European Integration 1957–1973*, ed. Antonio Varsori (Baden-Baden & Brussels: Nomos-Braylant, 2006), 369–98.

¹⁰On the origins of the Library Group, see Guido Garavoglia, 'I Vertici economici occidentali, 1975–1984: una ricostruzione storica', in *I Vertici. Cooperazione e competizione tra paesi occidentali*, ed. Cesare Merlini (Roma: ADN Kronos, 1995), 60.

¹¹The National Archives, Kew (hereafter TNA), PREM 16/356, Private Memorandum on International Concertation of Economic Action, Helmut Schmidt proposals, 31 July 1975, 4.

a serious economic and monetary crisis, exacerbated by the oil price increases of 1973–74.

Prime Minister Aldo Moro had often highlighted the importance of the ‘interdependence imperative’ of addressing the problematic international economic situation with the joint will of the industrialised Western democracies: ‘The West will survive to the extent that it will be able to address, assimilate and manage change’, he had stated during the NATO summit at the end of May.¹² To stop the economic decline and to avoid fragmentation, the road to concerted action seemed the only possible path. Italy’s participation in the summit of Western economies, however, was made more complex by its economic and political fragility. The country seemed unable to keep pace with its economically stronger partners. It was also undergoing further difficulties even within the European framework, where it had to contrast both the revival of the Paris–Bonn axis—thanks to the close understanding between the French president and the German chancellor—and the emerging idea of the so-called ‘two-speed Europe’, due to the increase in the economic gaps among member states.¹³

Then again, in the eyes of the USA, Italy’s stability appeared as a crucial factor for NATO’s strategy across the Mediterranean. The uncertain Italian situation and fear for the solidity of the country’s domestic political framework nurtured US concerns that the Italian government should not be further weakened in the face of the Communist advance. The prospect of an ‘historical compromise’ enhanced the ‘incompatibilities between potential domestic development and the relevant international context’.¹⁴

On 3 June, President Ford paid a very brief visit to Italy, during which, while referring to Portugal, he made it very clear that members of the communist party could not join a NATO member state government.¹⁵ Concerned about the development of domestic equilibria,

¹²ACS, CM, Scritti e discorsi, b.30, speech at NATO summit in Brussels, 29–30 May 1975.

¹³On the notion of a ‘two-speed Europe’, see Desmond Dinan, *Ever closer Union? An introduction to the European Community* (Basingstoke: Palgrave Macmillan, 1994), 94–95.

¹⁴Umberto Gentiloni Silveri, *L’Italia sospesa. La crisi degli anni Settanta vista da Washington* (Torino: Einaudi, 2009), 135.

¹⁵Gerald Ford Library (hereafter GFL), Memoranda of Conversations, President Ford’s meeting with President Leone, box 12, 3 June 1975, 4.

the USA wanted to support the DC in view of the administrative elections, fearing that the growing consensus for the Italian Communist party (PCI) might call international choices into question.

After the first rumours of a quadripartite meeting to be held at the end of the month in Helsinki—with no mention of Italy's participation—the Italian authorities manifested their deep disappointment to France on 28 July. The foreign minister pointed out that discriminating against Italy would have constituted a 'sévère perte de face', in addition to potentially undermining Italy's economic credibility and recovery. On the French side, an attempt was made to justify the meeting with the pretext of the responsibilities held in Germany by the four countries involved. In any case, assurance was given that no structure would come out of the Helsinki meeting, nor would any mechanism be institutionalised for this purpose.¹⁶

Once the Italian government became aware of the contents of the Helsinki meeting, it began to exert pressure on its allied leaders against the exclusion of Italy. The government in Rome regarded Italy's participation in the new organisation for political and economic cooperation of the West as 'a crucial factor for its status'.¹⁷ Prime Minister Moro and Foreign Minister Mariano Rumor authorised a mission of the secretary general of the Italian Foreign Ministry, Raimondo Manzini, who helped persuade the allies of the potentially detrimental consequences of Italy's exclusion and the importance of internationally strengthening the legitimacy of the government led by President Moro. As former Italian ambassador Luigi Vittorio Ferraris put it, Italy was admitted to the table of the summit as the sixth member, thanks to the 'unorthodox and unscrupulous diplomatic initiative' of Italian ambassador Manzini.¹⁸ The challenge for Italian diplomacy was not to be cut off from the directorate, an exclusive club of the West. However, behind Italy's interest in being accepted as a member of the G6 at Rambouillet lay mixed political and economic motivations—the latter being just as important as the

¹⁶Archives Ministère des Affaires Etrangères (hereafter AMAE), DE-CE, Affaires économiques et financières, Coopération économique, 1967–1975, b. 956, Note du Directeur des Affaires politiques, Démarche italienne au sujet de la réunion monétaire au Sommet à Cinq, 28 juillet 1975.

¹⁷Luigi Vittorio Ferraris, *Manuale della politica estera italiana 1947–1993* (Roma/Bari: Laterza, 1996), 264.

¹⁸Ibid.

former. A note of the Treasury dated 14 July 1975, stated how 'exports for us are an absolute priority', with a mention of the interconnections between the cyclical trend of Italy and that of other nations, especially the great leading economies in world trade.¹⁹ Without the expansion of these economies, expectations for recovery of the Italian economy were bound to be disappointed.

Hence, Italy pursued the goal of becoming one of this emerging group, not only for mere status reasons, but because it was aware that the structural problems typical of the Italian economy in the mid-1970s were similar to those of most of its European partners.

The strong pressures exerted by Italy for its participation, on the basis of its 'economic weight', in the end convinced Giscard d'Estaing to invite Italy to the meeting at Rambouillet. It is true that this result was achieved mainly for political reasons, in view of the difficult domestic situation following the success of the PCI in the regional elections of 15 June 1975 and signs indicating a possible shift in the government's political equilibrium. However, Italy's participation was not motivated by the rotating presidency of the EEC Council, held by Italy in the second semester of 1975, 'which could have created a potentially embarrassing precedent'.²⁰ The same Italian diplomacy, after having initially mentioned its role of presidency-in-office, declined to officialise its participation as 'European', preferring an individual-based attendance, to avoid running the risk of being excluded from following meetings of the great Western nations by reason of a Community characterisation of its participation. The aim, despite the crisis, was to preserve its role among the major nations of the West. An indiscretion on the part of the German spokesperson after the quadripartite meeting of 31 July in Helsinki had in fact led to a request to the rotating Italian presidency to organise a meeting at Community level. An emergency meeting of COREPER was convened on 6 August,²¹ to express the discontent of the European partners about the Helsinki meeting and to gather

¹⁹ACS, CM, Pcm, b. 121, Note by the Minister of the Treasury of 14 July 1975, 3.

²⁰TNA, PREM 16/838, FCO to UK Embassy, The Economic Summit Conference at Rambouillet, Paris, 12 February 1976, 3.

²¹Committee of the Permanent Representatives of the Governments of the Member States to the European Union.

information.²² On one hand, there was the fear that the gap between the ‘ins’ and ‘outs’ of the club, the ‘big’ and ‘small’ Europeans, would widen. On the other, this trend was counterbalanced by the growing role of the European Council, Giscard’s other ‘brainchild’, which created space for the smaller member states.²³ Becoming a representative of the EEC would have been an even rougher path for Italy, in view of clear-cut French opposition to the invitation.²⁴

The fear of being cut off from planning for the recovery of the Western economic system was the reason underlying the Italian foreign minister’s strong words. On 1 August in Paris, the Italian ambassador made an official visit to the French Ministry of Foreign Affairs, to express Italian concerns. Francesco Malfatti emphasised that, in view of the difficult domestic political situation, a meeting without Italy ‘aimed at creating the embryo of a permanent economic concerted action by the major Western powers’ would cause considerable problems for the Italian government.²⁵

Italian pressure on the French was determined and repeated, proving that, in the summer of 1975, the diplomatic action of the Italian secretary general for foreign affairs—long regarded as the decisive initiative—was not the only one to be undertaken. On 30 August, after learning of a preparatory meeting between a group of experts to be held in September in New York, Foreign Minister Rumor received the French *chargé d’affaires* at the Foreign Ministry to protest against Italy’s exclusion from a meeting aimed at discussing financial and economic problems, and to express his government’s great discontent at finding itself

²²AMAE, DE-CE, Affaires économiques et financières, Coopération économique 1967–1975, b. 956, Télégramme à Paris de DELFRA Bruxelles, 7 August 1975.

²³On the creation of the European Council, see Emmanuel Mourlon-Druol, ‘Filling the EEC leadership Vacuum? The creation of the European Council in 1974’, *Cold War History* 10, no. 3(2010): 315–39.

²⁴On the problem of the European Community’s participation in the Western summit meetings, see Giuliano Garavini, ‘The battle for the participation of the European Community in the G7 (1975–1977)’, *Journal of European Integration History*, no. 1 (2006): 141–58.

²⁵AMAE, DE-CE, Affaires économiques et financières, Coopération économique 1967–1975, b. 956, Note, Démarche italienne relative au projet du Sommet Monétaire, 20 August 1975, 1.

faced with a '*fait accompli*'.²⁶ In addition, as the discussion would also address Community problems, the EEC had to be able to express itself through its institutional bodies, such as the Council presidency—one of the few occasions on which Italy 'played the presidency card' in the problem of its participation in the summit. The French minister of foreign affairs, Jean Sauvagnargues, who in turn received Ambassador Malfatti in Paris on 3 September, claimed that nothing had been decided yet and reproached Italy for questioning his motives, while pointing out that Italy should thank France for creating the Regional Fund; however France did not feel it had been properly repaid, in view of 'Italy's attacks against the Common Agricultural Policy'.²⁷ The Italian ambassador stressed the significance for the Italian government of Italy's participation in a summit meeting on monetary issues, without hiding the fact that being excluded would cause a 'political crisis' in the country.

On 14 September 1975, Prime Minister Moro wrote to President Ford to censure the practice of meetings restricted to five participants, emphasising that 'the action which the Italian government intends to pursue, presupposes the participation of my country in all of the forums in which international policy in the economic and monetary areas are elaborated and agreed upon'.²⁸

On 17 September, after a second quadripartite meeting in New York on 5 September, the presence of Italy was still uncertain. Treasury Secretary George P. Schultz, back from consultations in Europe, reported to President Ford on another possible forum with only five participants and that, in any case, he left the decision on whether or not to include Italy to the Europeans: 'If they want it out, I would support that'.²⁹

On 23 September, during a meeting with Ford at the White House, Rumor pointed out that leaving Italy out of the economic summit would

²⁶AMAE, DE-CE Affaires économiques et financières 1967–1975, b. 956, télégramme n. 2115, Conférence à Cinq, Conversation avec M. Rumor, Rome, 30 August 1975, 2.

²⁷AMAE, DE-CE Affaires économiques et financières 1967–1975, b. 956, Ambafrance Rome, télégramme no. 616/21, Participation de l'Italie à une réunion au Sommet sur les questions monétaires, Paris, 3 September 1975, 2.

²⁸GFL, National Security Adviser's Presidential Correspondence with Foreign Leaders, Box 2, Rome, 14 September 1975, letter by President Moro to President Ford, 2.

²⁹FRUS, 1973–1976, vol. XXXI, Foreign Economic Policy, doc. 102, Memorandum of Conversation, Washington, 17 September 1975, 329.

be ‘a boost to the Communists’.³⁰ For the Italian foreign minister, Italy’s participation ‘as a country’ and not as the president of the European Community ‘will have considerable pay-off’. It was the government in London which helped to achieve a break-through in favour of Italy. On 26 September in Paris, Ambassador Malfatti informed the French minister of foreign affairs that the British government had responded positively to the Italian government’s request to participate in the preparatory meeting in New York in October. London was in favour of an Italian presence at both the preparatory meeting and the monetary summit, and it would second Italy’s request *vis-à-vis* the USA.³¹

The British support of Italy’s participation was seen by Paris as a clever move to distort Giscard’s original idea. According to the French ambassador in Washington, Jacques Kosciusko-Morizet, the British government was concerned that in an ‘inner’ meeting, Giscard and Schmidt, ‘the only ones to be truly competent in finance and economics, would have dominated the debate’, and it was therefore interested in expanding and modifying the actual subject-matter of the summit, in order to make it more oriented towards the economic and commercial, and less monetary and financial.³²

The decision to include Italy was not by courtesy of the French. The Head of the Economics Department of the Quai d’Orsay, Henri Froment-Meurice, realised that: ‘besides the Five, the only serious candidate to consider is Italy (...) Italy’s participation in an economic-monetary summit has some grounds. Nonetheless, if this first summit must be followed by others and become a “Directoire” of the industrialised democratic world, Italy’s claims to lead it are weak’.³³ As well

³⁰GFL, NSA, b. 15, Memoranda of conversations, Washington Ford Rumor, 23 September 1975, 3.

³¹AMAE, DE-CE Affaires économiques et financières 1967–1975, b. 956, Note du Secrétaire Général, projet de Sommet sur les questions monétaires, Paris, 26 September 1975.

³²AMAE, DE-CE Affaires économiques et financières 1967–1975, b. 956, tél. n. 7680–83, pour le Ministre seulement et à la Présidence de la République à l’attention de M. P. Brossolette, Washington, 2 October 1975.

³³AMAE, b. 956, le Directeur des Affaires Economiques et Financières, Note, Sommet économique-monétaire, Paris le 29 septembre 1975. In any case, the French acknowledged that Italy not only was ‘reconnaissante de l’avoir admise à Rambouillet’ but also that ‘l’aide que Rome peut nous apporter et nous apporte en fait dans maints domaines n’est toutefois pas négligeable’, AMAE, Europe, Italie (1971–76), b. 476, tel. 2886/905, La politique et l’économie italienne à la veille du Conseil européen de Rome, à MAE, 5, Rome, 26 November 1975.

as Giscard's personal opposition to Italy's participation, there were the views of French diplomacy, taking into account the support which Italy could bring to France's positions on several matters. The turning-point for Italy's entry into the Western leaders' 'club' came at the end of September. Due to pressures from Washington and London, Giscard accepted Italy's inclusion with a heavy heart, 'for very particular political reasons'.³⁴

Despite strong pressure from Ford and Schmidt, the French president rejected the request to extend participation to Canada. In a letter to Ford dated 31 October, he claimed that Canada, an exporter of energy and raw materials, was less afflicted by the crisis; his unilateral veto brought a 'psychological victory' to what seemed to be a defeat of US diplomacy.³⁵ Although Ford temporarily accepted Canada's absence, in a letter to Giscard dated 3 November he made it clear that, in the future, he would not attend other meetings without Canada.

The director general of the Bank of Italy, Rinaldo Ossola, was nominated for Italy in the Carlton Group, a group of non-official representatives—later called *shepards*—which met at the Carlton in New York to explore the possibility of compromises in preparing for the summit. During the meeting of the Carlton Group on 8 October, the decision was made to assign to Moro the discussion on East–West economic relations: amount, duration and guaranteed credit rate. A memorandum from Kissinger dated 24 October emphasised that little time would be spent on this matter: 'Moro's presentation is unlikely to be dramatic'.³⁶ Moro would raise the matter of the debts of the Soviet Union and Eastern countries (25 billion dollars) and try to define the guidelines for financing exports to communist countries; a marginal issue for Western countries, accounting for only 5% of their foreign trade.

³⁴Centre historique des Archives nationales, Paris (CHAN), AG/5(3)/886, Message from Giscard to Ford, 10 October 1975.

³⁵TNA, PREM 16/838, FCO to UK Embassy, The Economic Summit Conference at Rambouillet, Paris, 12 February 1976, 4.

³⁶FRUS, 1973–76, vol. XXXI, doc. 112, Scenario for Economic Summit, Washington, 24 October 1975, 354.

US documents reflected a belittling consideration of Italy's contribution to the summit and the belief that its participation would be positive as regards the domestic economic policies to be adopted: 'Moro's attendance is, in itself, a victory for Italy, which was not originally on the list of invitees. The Christian Democrats are strengthened by international attention and acceptance. They may, as the result, gain support for domestic policies to hold down inflation and resist protectionism. Moro is unlikely to play a major role at the conference.'³⁷

In the meeting of 12 November held in London by the members of the Carlton Group, the draft of a *communiqué* was prepared largely on the basis of a document written by Schultz. The British and Germans opposed the idea of sending it, although the Japanese and Italians were in favour, 'for psychological and political reasons'.³⁸ What prevailed, in any case, was the desire to avoid heads of states holding 'other similar meetings and enact[ing] five-way or six-way concerted procedures'.³⁹

A note by the French ambassador in Rome illustrated Italy's position on the eve of the meeting. The Italians had agreed that the forum should enable discussion but no decision, especially due to the inconvenience which this might cause in relations with the EEC countries which had been excluded. With reference to East-West relations, the Italian Foreign Ministry suggested that 'the anarchy currently reigning in the credit sector in Socialist countries be replaced by a certain degree of coordination', but no definite proposal was outlined by Moro in his Report.⁴⁰ With regard to the North-South dialogue, the Italian diplomat Cesidio Guazzaroni was very critical of Great Britain's position and was against giving way on the issue of separate representation at the Economic Conference in December. In any case, it was acknowledged that 'for Italy, to have been accepted was already a reason for optimism'.⁴¹

³⁷FRUS, 1973-76, vol. XXXI, doc. 121, Memorandum from Secretary of State Kissinger, Secretary of the Treasury Simon, the President's Assistant for National Security Affairs (Scowcroft), and the President's Assistant for Economic Affairs (Seidman) to President Ford, Washington, 12 November 1975, 380.

³⁸CHAN, AG/5 (3)/ 886, Carlton Group, Réunion du 12 Novembre 1975-Londres, Compte-rendu de R. Barre, 2.

³⁹Ibid., 3.

⁴⁰CHAN, AG/5(3)/ 886, MAE, Le Directeur du Cabinet, *Réunion de Rambouillet: Réactions britannique et italienne*, 14 November 1975.

⁴¹Ibid.

In Paris, it was pointed out that Germany, France and the USA would lead the game. Great Britain, which found itself in a 'disastrous' situation, would merely protect its particular interests and, in the assessment of the French diplomacy, 'the solidarity or discord between Paris and Bonn will be a crucial element'.⁴² For the Europeans the problem would be 'combining three different goals: develop an effective cooperation in a framework that can surpass the strictly European context; avoid taking the European Community's future for granted; safeguard national interests'.⁴³

The first G6 Summit was held at Rambouillet on 15–17 November 1975. Moro, Rumor and Colombo attended on behalf of Italy. During the second session, Moro addressed the need to maintain the liberalisation of trade. For the Italian prime minister, an alternative to restrictions—which could be considered tempting—was to fight recession. Moro proposed to renew the 'trade pledge' of the OECD in 1976, avoid restrictive trade measures, find an agreement on export credits, and ensure that aid for development would be based on the principle of cooperation, and the liberalisation of agricultural products, accompanied by fairness in the trade of industrial goods: 'opening of markets is essential to deal with the present world crisis'.⁴⁴ Moro stressed the responsibility of the industrialised nations and manifested relatively broad agreement with London's position regarding both the more open approach towards developing countries and the request that surplus countries could stimulate domestic demand. On East–West relations, he emphasised the link between economic relations and *détente*, arguing that East–West trade should be considered 'an important factor for political stability and as a part of the whole atmosphere of *détente* that had been confirmed by the Helsinki Final Act'.⁴⁵

Referring to monetary issues, in the dispute between the diverging French and US viewpoints, Moro emphasised that, although he agreed with the French analysis in favour of a more stable monetary system,

⁴²AMAE, Centre d'Analyse et de Prévision, Note, Quelques réflexions sur la Rencontre de Rambouillet, Paris, 12 November 1975, 3.

⁴³Ibid., 11.

⁴⁴FRUS, 1973–76, vol. XXXI, doc. 123, Foreign Economic Policy, the Economic Summit at Rambouillet, second session, 406.

⁴⁵Angela Romano, 'G7 summits, European Councils and East–West economic relations (1975–1982)', in *International summitry*, 205.

Italy, like Great Britain, currently needed more flexibility. Nevertheless, he added: 'We will do all we can to re-enter the Snake.'⁴⁶ In fact, the economic situation did not make returning to greater monetary stability easy for Italy. A few days after the Rambouillet forum, the director general of the Bank of Italy, Ossola, during a meeting with the French ambassador, pointed out that, despite the statements of 'good intentions' made by Prime Minister Moro, 'it was not at all in the intentions of the Treasury and Bank of Italy to bring the lira immediately back into the monetary snake'; in any case, 'not before being able to repay, without resorting to borrowing, every debt linked to the actual functioning of the mechanism of limited fluctuation of certain Community currencies'.⁴⁷

The main result achieved at Rambouillet was the change in the French viewpoint on the exchange rates issue, which made a small move closer to the US vision (no. 11 of the Declaration of Rambouillet). Following negotiations between the French and US monetary authorities, agreement was reached on a memorandum which provided for concerted action by the central banks to contrast irregular fluctuations in exchange rates: what actually prevailed was the US position to continue with the liberalisation of international markets while failing to define a link between a return to monetary stability and progress in the liberalisation of trade, as France had requested.⁴⁸ In any case, the agreement succeeded in ending—as Chancellor Schmidt noted—the '*querelle théologique*' which had opposed France and the USA since 15 August 1971.

The main significance of the Rambouillet meeting was political, consisting of regained cohesion among the industrialised democracies. Nonetheless, there was still discord among the parties involved in the first G6 as to what strategies should be implemented for recovery and

⁴⁶Ibid., 416.

⁴⁷AMAE, DE-CE, Affaires Economiques et Financières, Coopération économique 1967–1975, b. 956, télégramme n.2798/813, *Réactions des autorités italiennes à la suite de la réunion de Rambouillet*, Rome, 20 November 1975, 5.

⁴⁸On the problems caused by the fluctuation of currencies and the benefits that the undervaluation of the dollar brought to the US balance of trade, see AG/5(3)/886, Ministère de l'Economie et des Finances, Service des Affaires Internationales, Sous Direction des Affaires Multilaterales, Fiche sur quelques aspects du flottement des monnaies; undated, but probably October 1975.

the approach to be adopted towards developing countries. A double criticism could be directed at the meeting: from the industrialised countries and the smaller members of the EEC to the 'Big Six' for wanting to create a directorate and, from the developing countries, for bloc-to-bloc negotiations.

The aim of developing a common strategy to resolve the international economic crisis, based on cooperation among the most powerful Western countries, was not achieved. The main significance of the Rambouillet meeting 'was simply that it took place, communicating accord rather than hopelessness and disarray'.⁴⁹ Rambouillet inaugurated a practice of organising meetings which became consolidated in the years to come. In particular, it enabled the USA to establish the approach underlying its economic policy, legitimising the flexible exchange rate system arising from the suspension of the convertibility of the dollar to gold, and laying the grounds for the expansion of this new economic approach, which had been developed in the economically stronger countries and which aimed at stressing the core importance of the rules of market economy. The summit opened a phase which explicitly provided guidelines to help the more industrialised countries overcome the crisis: the fight against inflation, free movement of goods and capital, and private sector development were to be the new goals of Western economies. While it did not reject the idea of dialogue with the countries producing energy and raw materials, 'the West reunited around the U.S. line of conduct and leadership, and rejected the idea of a new international economic order'.⁵⁰ The non-Western world had proved that it possessed few strengths (for instance, the oil shock), but it was still on the fringe of international markets.

ON THE ROAD TO PUERTO RICO, THE FIRST REAL G7

The initiative now came from the US side. Only a few months after Rambouillet, the US authorities began to be concerned with the weakness of the lira; concerns which could have eroded the trust put in the

⁴⁹Federico Romero, 'Refashioning the West to dispel its fears: the early G7s', in *International Summitry*, 126–27.

⁵⁰Lucrezia Cominelli, *L'Italia sotto tutela. Stati uniti, Europa e crisi italiana degli anni settanta* (Firenze: Le Monnier, 2014), 199.

DC and forced it to seek financial aid from the USA. After the fall of Moro's government in January 1976, Andreotti's single-party DC government, based on the abstention of the former majority parties, was built on a fragile consensus. The crisis set Italy on a path of instability, 'a bridge to the unknown', which worried its overseas ally.⁵¹ There was a growing lack of faith in the centre parties' ability to restore economic stability: 'The practice of financing the *status quo* is coming to an end. Italy no longer has access to private funds in the international money market and can no longer use this technique to avoid adjustment.'⁵² In a confidential note dated 19 January 1976, addressed to the prime minister, Treasury Minister Emilio Colombo calculated that the difficult economic and financial domestic situation had resources 'sufficient to survive 5 days at the most'.⁵³

The European monetary and financial crisis, and the depreciation of the lira and the pound, led Kissinger in March 1976 to support a second Rambouillet-type meeting to be held in the USA.⁵⁴ The Italian situation was regarded by Washington as an emergency as well as a vicious circle, from a political standpoint even before an economic one, as clearly summarised by Helmut Sonnenfeldt: 'We can't do anything effective about the Italian economic situation without the risk of bringing the Communists in; and if we don't act vigorously the Communists also may be brought in.'⁵⁵

During the meetings held in Washington between Giscard and Ford in mid-May, an agreement in principle was reached on a second meeting, in Puerto Rico, but not on the participation of Italy, where general elections were approaching, with the risk of results sealing the PCI's victory

⁵¹Umberto Gentiloni Silveri, 'Gli anni Settanta nel giudizio degli Stati Uniti: un ponte verso l'ignoto', in *L'Italia repubblicana nella crisi degli anni Settanta: tra guerra fredda e distensione*, eds. Agostino Giovagnoli and Silvio Pons (Soveria Mannelli: Rubbettino, 2003), I:113.

⁵²FRUS, 1973–76, vol. XXXI, doc. 132, *Memorandum From Secretary of the Treasury Simon to the Economic Policy Board, The International Monetary Situation*, Washington, undated, 470.

⁵³ACS, Carte Moro, Scritti e discorsi, b. 32, Appunto riservato all'On. Presidente del Consiglio, 19 January 1976.

⁵⁴FRUS, 1973–76, vol. XXXI, doc. 132, *Memorandum of Conversation*, Washington, 26 March 1976, 475–77.

⁵⁵FRUS, 1973–76, vol. XXXI, doc. 136, *Memorandum of Conversation*, Washington, 7 April 1976, 484.

over the DC. On the part of the USA, one of the summit's goals was 'to find ways of minimizing the potential damage from possible adverse developments in Italy, and maximizing our efforts to help Italy move in constructive directions'.⁵⁶ Doubts on whether to invite Italy or not still persisted; it all depended on the results of its elections of 20–21 June. Schmidt had suggested a meeting between France, Germany and the USA, to discuss a financial aid programme for Italy 'if they didn't go Communist'.⁵⁷ Bonn seemed to want to discuss the issue of Western aid to Italy in Puerto Rico and to contribute to a long-term plan of financial help to it, but only if monitored by the IMF.⁵⁸ While acknowledging that the EEC had a particular responsibility, for Germany this was an issue that went beyond the framework of the Nine and required US involvement. The loans granted by Germany, the EEC and the IMF to Italy in 1974–75 had helped to alleviate the problem of the balance of payments, but the overall economic situation was still severe: inflation had stabilised at around 20%, the GDP had decreased by 2 percentage points in 1976, and budget deficit and government debts were increasing.⁵⁹

Giscard was still strongly against inviting Italy and Canada and in favour of a five-power meeting. The US reaction highlighted the negative political consequences which Italy's exclusion might trigger.⁶⁰ To win over Giscard's objections, and in order to discuss the Italian situation, the US suggested a preliminary meeting on the morning of 27 June, participation being restricted to France, Great Britain, Germany and the USA.

⁵⁶FRUS, 1973–76, vol. XXXI, doc. 138, Memorandum of Conversation, Washington, 18 May 1976, 492.

⁵⁷GFL, NSA, *Memoranda of Conversation, Ford Giscard d'Estaing*, box 19, 18 May 1976, 3.

⁵⁸On the German role in the Italian crisis, see Giovanni Bernardini, 'The Federal Republic of Germany and the Resistible Rise of the 'Historic Compromise' in Italy (1974–1978)', in *Europe in the International Arena during the 1970s*, eds. Antonio Varsori and Guia Migani (Bruxelles: Peter Lang, 2011), 317–37. The German government preferred the IMF solution to EEC involvement in financial help to Italy, because the EEC 'lacked the necessary instruments to impose a reform program', *Ibid.*, 330.

⁵⁹Cominelli, *L'Italia sotto tutela*, 209.

⁶⁰FRUS, 1973–76 vol. XXXI, Foreign Economic Policy, doc. 139, 494.

Italy's case brought to light the connection between the summits and the Cold War. During a telephone conversation with Giscard on 31 May 1976, President Ford stated that an invitation to Italy 'would provide a strong demonstration of Western support for the Christian Democrats and strengthen their electoral chances'.⁶¹ Since the crisis was questioning the liberal capitalist model, the summits also had to serve as a means of strengthening the West in the ideological conflict with the communist world.

In May, Ford and Giscard had an intense exchange of messages with reference to Italy's—and Canada's—participation at the summit. The French documents clearly reveal the problems inherent in drafting the *communiqué* announcing it. Initially, Giscard proposed not listing Italy among the countries to be invited, and to include in the text that 'the five countries in favour of Italy's participation, shall examine with the Italian government whether it believes it is able to take part on the date specified'.⁶² On 2 June, Ford sent another message to Giscard, to inform him that Moro had said that the wording of the invitation recently circulated 'would cause great embarrassment to his government'. Italian diplomacy had engaged in feverish activity to delete from the *communiqué* the part indicating that the Italian situation would be examined in light of its election results. Ford pointed out to Giscard the need to agree 'on language the Italians would not find offensive' and that a solution consistent with the common desire to support Italy would simply be to list Italy among the participants in alphabetical order at the beginning of the *communiqué*.⁶³ The French response arrived on 3 June:

"We regret that it has not been possible to find a proper formula for the invitation to Italy which adequately reflects our worries. That said, in order to overcome this problem, we support your proposal to treat Italy in the same fashion as the five other countries which participated in the Rambouillet meeting".⁶⁴

⁶¹Mourlon-Druol, 'Managing from the Top', 697.

⁶²CHAN, AG/5(3)/887, Présidence de la République, Message de C. Pierre-Brossolette à M. Brent Scowcroft, 31 May 1976.

⁶³CHAN, AG/5 (3)/887, Télégramme WH60835, from the White House to Elysée Palace, Secret, 2 June 1976.

⁶⁴CHAN, AG/5 (3)/887, Message de la part de C. Pierre-Brossolette à Monsieur Brent Scowcroft, Paris, 3 June 1976.

Even the USA pointed out that, although the formal preparation of the summit could involve the seven participants, this did not necessarily have to exclude ongoing contacts between Britain, France, Germany and the USA. Particularly significant was the meeting held in Munich on 8–9 June of the ministers of the Treasury of the Four, during which the undersecretary of the Treasury, Edwin H. Yeo, addressed the problem of financing to Italy, which had exhausted any possibility of resorting to loans, emphasising that ‘whatever the result of the elections will be’, it would need a 2-billion dollar funding.⁶⁵ In the preparatory meeting in Washington on 15 June, no subject was thoroughly examined, but it was noted that the ‘Japanese, Canadians and Italians barely participated in the discussion’.⁶⁶ The USA presented a text which referred to the institutionalisation of this type of conference and to ongoing consultations among its participants. All the Europeans asked for this reference to be ‘deleted because it would have been construed as a creation of a “Directorate” and this would have aggravated the tensions within the EEC’.⁶⁷ It was by now clear that the USA wanted to give the economic summit a wider political perspective, which would highlight the political, economic and security interdependence among the industrialised democracies, whereas the French opposed this, stressing that the aim was to address exclusively economic issues.

A memorandum of Undersecretary Yeo to President Ford identified three options with reference to Italy and Great Britain, whose economic situation, according to Economic Advisor Greenspan, was in ‘a more serious economic situation than Italy’s’.⁶⁸ that is, do nothing, grant unconditional credits, grant credits under strict conditions. This last option was preferred, and the IMF was regarded as the most appropriate instrument:

⁶⁵AMAE, DE-CE, Service de coopération économique 1976-1980, fasc. 1533, Ministère de l'Economie et des Finances, Note pour le Ministre, Compte rendu de la réunion tenue à Munich le 8 et 9 juin 1976 par les Directeurs du Trésor de France des Etats Unis, de la R.F.A. et du Royaume Uni. Préparation de la Conférence des Chefs d'Etat de Portorico, Paris, 10 June 1976, 3.

⁶⁶AG5/ (3), 887, MAE, Le Directeur des Affaires Economiques et Financières, Note, Réunion Préparatoire à la Conférence de Porto Rico, Paris, 16 June 1976, 1.

⁶⁷Ibid., 3.

⁶⁸FRUS, vol. XXXI, Foreign Economic Policy, 1973–1976, doc. 140, 498.

It does not involve Congress, does not impact our budget, and cloaks the conditionality in a multinational mantle that dilutes opposition within a borrowing country to conditions imposed by the US or other outsiders (This last concern has watered down considerably the conditionality re E.C. credit extended to Italy and bilateral gold secured loans made by Germany to Italy).⁶⁹

There would be no help without strong corrective measures and the commitment to an economic and financial stabilisation plan—an approach which could also help to strengthen the position of those who, in Italy, favoured greater economic discipline.⁷⁰ In fact, even for the director general of the Bank of Italy, the financial support which Italy could receive after its election results would have to be made conditional on specific undertakings by the Italian government to implement a strict restructuring plan for the country's public finances: 'If not, the Bank of Italy was not ready to negotiate additional external debts';⁷¹ in one sense, evidence of 'an external constraint'. With regard to the problems caused by the establishment of a government officially supported from outside Italy by the communists, Ossola believed it was the only formula which could inspire confidence in trade unions and obtain the socialists' consent.

During a meeting with the director of political affairs of the French Foreign Ministry on 21–22 June, Sonnenfeldt reported that, according to Kissinger, Communist participation in the Italian government would prevent any financial help being granted to Italy. The US administration was not even inclined to grant aid to a government with parliamentary support from the Communist party, but Sonnenfeldt did not hide the fact that 'banks and American business environments would have put pressure on the authorities in Washington not to be too

⁶⁹FRUS, 1973–76, vol. XXXI, doc. 146, Memorandum From the Under-Secretary of the Treasury for Monetary Affairs (Yeo) to President Ford, Washington, 24 June 1976, 525.

⁷⁰FRUS, 1973–76, vol. XXXI, doc. 147, Memorandum From the Chairman of the Council of Economic Advisers (Greenspan) and the President's Assistant for National Security Affairs (Scowcroft) to President Ford, Washington, 25 June 1976, 528.

⁷¹CHAN, AG/5 (3)/ 887, Tel n. 1368/71, au Ministère des Affaires Etrangères, Point de vue de la Banque d'Italie avant la Conférence de Porto Rico, Rome le 25 juin 1976.

restrictive'.⁷² Aid to a government led by a DC member or an internationally renowned expert supported by the DC, a government with few significant economic assignments given to experts by recognised authorities (persons such as Gianni Agnelli or Guido Carli), was indicated as the preferred solution. However, direct or indirect communist participation in the governments of Western countries would force the need to 'rethink the entire U.S policy towards Italy, the entire Atlantic policy'.⁷³

All the invited leaders arrived in Puerto Rico on 27–28 June politically weaker than at Rambouillet and seeking success on the international front. In Great Britain, the Labour government was ruling with a very narrow majority, the USA and Germany were in the middle of an election year, Canada's Pierre Trudeau and Japan's Takeo Miki faced opposition on the domestic front, and Giscard was under pressure from both the Gaullists and the left wing, which had significantly grown in the local elections and whose victory Giscard feared in the 1978 elections. Of them all, Moro was in the weakest position and, according to the USA, he would probably assume a low-profile role 'limited to merely protecting Italian interests at stake without taking any initiative'.⁷⁴ However, he would probably try to avoid all excessive pressures on Italy to adopt domestic corrective measures and would oppose the idea that additional credits should be subjected to a strict programme to correct imbalances.

Before the official opening of the summit at the El Dorado Beach Hotel on the Caribbean island of Puerto Rico, the leaders of the 'Big Four' addressed the Italian situation during a confidential meeting. According to Antonio Varsori, from documents in British archives, Giscard was absolutely uncompromising and insisted on the need to prevent the rise of the PCI to the Italian government, and suggested a two-phase initiative for Italy. In the first phase, the Italian authorities would have to sign a programmatic statement and, subsequently, financial aid to it, subject to the exclusion of the PCI from governmental responsibilities, would have to be defined. Apparently Giscard also proposed a

⁷²CHAN, AG/5(3)/887, MAEF, Note, L'Italie au lendemain des élections, Paris, 22 June 1975, 2.

⁷³Ibid., 3.

⁷⁴FRUS 1973–76, vol. XXXI, Foreign Economic Policy, doc. 147, Memorandum From the Chairman of the Council of Economic Advisers (Greenspan) and the President's Assistant for National Security Affairs (Scowcroft) to President Ford, Washington, 25 June 1976, 531.

meeting in early July, in Paris, to define the line of conduct towards the new Italian government. A meeting was indeed held in Paris on 8 July, at which no already agreed conclusions were reached, apart from the decision to send representatives of the Four to discuss the matters with Italian governmental officials.⁷⁵ French sources do not provide any further detailed information on what happened in Puerto Rico or during the following days; similarly, it is not possible to reconstruct the position adopted by Moro in Puerto Rico or to know whether he was made aware of the discussion about Italy. However, in the preparatory meetings of the Puerto Rico summit, the French were the least inclined to discuss Italy, taking a position which aimed at ‘low-keying any discussion of Italy per se in Puerto Rico’.⁷⁶ It seemed that the French in particular did not agree with the US proposal to resort to the IMF, and believed that it was premature and inadvisable to present a detailed solution to Italy’s financial problems at the end of June. In the meeting held in Munich on 8–9 June between the directors of the Treasury of the Four, the French representative argued that, instead of ‘reassuring’ Italian authorities of the 2-billion dollar aid, ‘perhaps, it would be better to wait for the situation to settle and that the new government itself be led to propose a recovery plan’.⁷⁷

During the discussions in Puerto Rico on the attitude towards the Italian problem, Giscard confirmed that he considered it premature to define the method of aid at that point, partly in order to avoid distortion of IMF rules—a position which emanated from concern on the part of

⁷⁵Antonio Varsori, ‘Puerto Rico (1976): le potenze occidentali e il problema comunista in Italia’, *Ventesimo Secolo* 7, no.16 (2008):108–10. In a meeting dated 15 July 1976 at the White House with Chancellor Schmidt, Kissinger spoke of a joint initiative ‘to send people to talk to different groups in Italy’, GFL, NSA, Memoranda of Conversation, box 20, Ford - Schmidt, 15 July 1976, 4.

⁷⁶FRUS, vol. XXXI, Foreign Economic Policy, 1973–1976, doc. 142, Backchannel Message From the Under Secretary of the Treasury for Monetary Affairs (Yeo) to Secretary of State Kissinger and Secretary of the Treasury Simon, Munich, 9 June 1976, 508.

⁷⁷AMAE, DE-CE, Service de coopération économique 1976–1980, fasc. 1533, Ministère de l’Economie et des Finances, Note pour le Ministre, Compte rendu de la réunion tenue à Munich le 8 et 9 juin 1976 par les Directeurs du Trésor de France des Etats Unis, de la R.F.A. et du Royaume Uni. Préparation de la Conférence des Chefs d’Etat de Portorico, Paris, 10 June 1976, 5.

the French that Italy would receive more help than the set threshold.⁷⁸ Giscard agreed on the principle of giving aid to Italy, but he believed that the methods had to be further defined, partly to avoid the risk that recourse to the IMF would create a precedent for developing countries. In any case, strict conditions were to be applied. This position was seconded by Chancellor Schmidt, who believed there was an 'absolute need for conditionality. In so doing, we will help the Italian government pass a firm policy before its Parliament and opinion'.⁷⁹

In his speech in Puerto Rico, Moro emphasised that 'unemployment will be the test for the success of the liberal societies', and confirmed that Italy relied on the development of its exports to get its economy back on track, announcing a cyclical and structural programme of reforms, which the Italian authorities were currently defining. This was a major political commitment, the fulfilment of which depended on 'the consensus of the social forces'. He also acknowledged that the Italian government would need international cooperation to support its exports and financial solidarity to deal with speculative attacks.⁸⁰

Hence, the details of the aid mechanism to Italy were not in fact discussed in detail in Puerto Rico. Nonetheless, a rigorous plan for its economic recovery, based on anti-inflationary and stability-oriented economic policy, was by then on the Italian government's political horizon.

Andreotti records in his diary that Moro was left 'disheartened' by the meeting in Puerto Rico, where he had perceived a lack of trust towards Italy.⁸¹ The French ambassador in Rome, instead, while reporting on the meetings he had had with the minister of foreign affairs, stated that the Italian delegation had returned satisfied from Puerto Rico and that 'Moro, who had initially been hesitant about going

⁷⁸FRUS, vol. XXXI, Foreign Economic Policy, 1973–1976, Puerto Rico First session, 27 June 1976, doc. 148, 559–60.

⁷⁹AMAE, DE-CE, Service de coopération économique 1976–1980, fasc. 1533 SECRET, Conférence de Porto Rico 27–28 juin 1976, 3.

⁸⁰ACS, CM, Pcm, b. 125, Washington, Ambasciata d'Italia, linee di primo intervento, appunto senza data; FRUS, vol. XXXI, Foreign Economic Policy, 1973–1976, Puerto Rico First session, 27 June 1976, doc. 148, 545.

⁸¹Giulio Andreotti, *Diari 1976–1979. Gli anni della solidarietà* (Milano: Rizzoli, 1981), 20.

and had even thought about not participating, did not regret attending it.’⁸² According to the director of economic affairs of the Foreign Ministry, Mario Mondello, little was said about Italy during the conference. Economic aid was assured from several sources, ‘accompanied by a rigorous program aimed at restoring fundamental balances’. In any case, the efforts to be made required the PCI’s consensus, and the leaders of the DC believed that such a consensus was not out of reach. In the French ambassador’s assessment, ‘the paradox of Puerto Rico will be to have contributed, by demanding a more rigorous management, to pushing the Christian democracy into seeking an understanding with the Communists’.⁸³ The government formed by Andreotti in July, and the process of economic stabilisation which he initiated with the tacit approval of the PCI, in a way achieved the paradox outlined by the French ambassador.

The management of the Italian double crisis—economic and political—was one of the first areas in which to apply the principles outlined at Rambouillet and Puerto Rico, to remain ‘under a multinational mantle’ or under the umbrella of the US hegemony: political conditions clauses, acceptance of strict economic conditions, and recourse to the IMF for the financing of countries struggling with their balance of payments. The guidelines and conditions defined in Puerto Rico for aid from the IMF, accompanied by a request to implement structural changes in the economy, seemed inspired by the neo-liberal paradigm that was later to gain ground in the 1980s. The economic policy conditions required of Italy by the IMF in 1976 were the first signs of what was later to become known as the ‘Washington consensus’.⁸⁴ As Romero wrote, the attempt

⁸²MAE, DE-CE, Service de coopération économique 1976–1980, b. 1533, Télégramme n. 1403, Objet: La Conférence de Porto Rico et le ‘cas italien’, Rome, 1 July 1976, 1.

⁸³Ibid., 3. Ambassador Puaux observed that ‘the implementation of a recovery program is faced with almost insurmountable difficulties ... the situation would require in-depth reforms, the abandonment of an aberrant legislation and of a political and patronage-based management of the economy, which currently seems out of the reach of a highly weakened political class’, Ibid., 4.

⁸⁴Duccio Basosi and Giovanni Bernardini, ‘The Puerto Rico summit of 1976 and the End of Eurocommunism’, in *The Crisis of détente in Europe. From Helsinki to Gorbachev, 1975–1985*, ed. Leopoldo Nuti (London: Routledge, 2009), 257–67.

'to rescue the West from its crisis was turning into a profound redefinition of its economic, social and intellectual foundations'.⁸⁵

CONCLUSION

The results obtained in Puerto Rico were more modest than those achieved at Rambouillet. No significant agreement was reached: the summits and the seven-power configuration were merely institutionalised. However, it did represent a success for President Ford (it was mainly an electoral summit), with the re-establishment of US leadership. For Italy, it was the summit of controversy. One point of controversy originated with the statements made by Chancellor Schmidt who, on 16 July, while meeting some US journalists at the Blair House in Washington, revealed the fact of the meeting at the El Dorado Hotel in which the Italians had not participated and the conditions set by the allies for granting a loan to Italy.⁸⁶ These statements were made at a delicate moment during the formation of Andreotti's government, which relied on the abstention of the Communists and whose primary aim was probably to communicate clearly that participation of the Communists in the government would mean international isolation. Andreotti, meeting Jean Lecanuet on 3 August in Rome, played down Schmidt's statements, describing them as led by German domestic policy considerations, in view of the October elections.⁸⁷ Lecanuet was sent to Italy as a gesture of French support after Schmidt's comments and to reaffirm French interest in assisting Italy 'in the context of European solidarity'.⁸⁸

⁸⁵Federico Romero, 'Refashioning the West', 132.

⁸⁶On this episode, see Varsori, 'Puerto Rico (1976)', 111–12; Cominelli, *L'Italia sotto tutela*, 212–17. On the comments made by Helmut Schmidt, Roberto Ducci, Italian ambassador in London, recorded the discomfort of the Foreign Office and of Sir Alan Campbell who, although he confirmed that a discussion on financial aid to Italy had taken place, gave his assurance that no agreement had been reached. See ACS CM, Pcm, b. 119, tel. n. 37540, Italdipl London, 20 July 1976.

⁸⁷AG/5(3) 1015–1016, Relations Diplomatiques Bilatérales, Italie, *Mission à Rome de Jean Lecanuet*, 6.

⁸⁸Telegram from AmEmbassy Bonn to SecState: *Lecanuet visit to Italy*, NARA RG 59, CFPF, El. Tel, 10 August 1976. <http://aad.archives.gov/aad/createpdf?rid=56727&dt=2082&dl=1345> (last accessed 6 April 2017).

What were Italy's goals from the very first economic summits onwards? They were: to strengthen the interdependency of the international economic system and, in particular, the European pole as opposed to the US and Japanese ones; to discuss joint strategies to deal with the serious economic issues, and to apply the solutions indicated in the final *communiqués* of the summits to promote domestic reforms.

It may be said that the summits served as evidence of an 'external constraint'—a constraint which Europe, with European Monetary System membership, was later to exercise. Certainly, the political motivations which played to the advantage of Italy's inclusion in the G6/G7 at Puerto Rico transformed Italy into the focus of the meeting among Western leaders. The Italian government had nonetheless obtained a significant result: a legitimate place at the table of the major Western powers, at which crucial economic issues of concern to Italy itself were discussed.

Italy's Foreign Policy in the 1980s: From Enthusiasm to Disillusion

Antonio Varsori

INTRODUCTION: ITALY'S QUEST FOR INTERNATIONAL STATUS

Since the Unification of Italy in 1861, one of the main aims of Italy's liberal ruling *élites* was achieving a great power role for the new nation. However, such an ambitious goal clashed with the gloomy reality of a country which was far from being truly united, having not only a backward economy but also impending and dramatic social problems. It is sufficient to note that, after the declaration of the 'birth' of the Kingdom of Italy, the new country, with a few exceptions in some northern areas, had no real modern industry, over 70% of the population was illiterate, and some provinces in southern Italy were subject to a kind of state of siege as a consequence of brigandage, which approached open guerrilla warfare against what was perceived as 'Piedmont's oppression'.¹ But the ideals of the *Risorgimento* were based on the assumption that Unification

¹On united Italy, see, in general, Giovanni Sabbatucci and Valerio Vidotto (eds.), *Storia d'Italia. Il nuovo Stato e la società civile*, vol. 2 (Roma/Bari: Laterza, 1995).

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implied creation, or rather the re-birth, of *la grande Italia*, 'great Italy', the result of an improbable mix capable of reconciling the Roman Empire, the over-arching role of the Catholic Church and the cultural predominance of the Renaissance era.² Italy's internal weaknesses were not the only obstacles to its becoming a full member of the 'concert of Europe', since the major European powers regarded Italy as a feeble, although ambitious, 'late-comer' on the European scene. Although Italy had accumulated a series of severe blunders in its political and military efforts, none of which enhanced its image in the eyes of foreign rulers and diplomats, the international role of the country slowly improved in the later years of the nineteenth century. In 1882, Italy became part of the Triple Alliance with Germany and Austria-Hungary; by the first decade of the twentieth century, the country had established its first African colonies; it had undergone industrial expansion, especially during Giovanni Giolitti's political tenure; substantial progress had taken place in the social and political spheres; and Italian diplomacy had also been able to develop good relations with Britain, France and Russia, although Italy remained a member of the Triple Alliance.³

In 1911, Italy declared war on the Ottoman Empire and, although with some difficulty, was victorious and imposed power over Libya, thus enlarging its colonial domain.⁴ Despite its ties with Germany and Austria-Hungary, in 1914 Italy decided not to become involved, but initiated secret negotiations with both the Central Empires and the *Entente* in order to 'sell' its participation in the war. Clearly, the *Entente* could offer more to the Italian government; in April 1915, Italy signed the 'London Treaty' and, one month later, on 23 May, declared war on Austria-Hungary.⁵ Although Italy's part in the war was always perceived by its major allies as a small-scale conflict (it was only in 1916

²See Federico Chabod, *Storia della politica estera italiana dal 1870 al 1896* (Bari: Laterza, 1962); see also Emilio Gentile, *La grande Italia. Ascesa e declino del mito della nazione nel Ventesimo secolo* (Milano: Mondadori, 1997).

³Richard A. Webster, *L'imperialismo industriale italiano. Studio sul prefascismo* (Torino: Einaudi, 1974); Richard J. Bosworth, *La politica estera dell'Italia giolittiana* (Roma: Editori Riuniti, 1985).

⁴On Italy's colonial policy, see Nicola Labanca, *Oltremare. Storia dell'espansione coloniale italiana* (Bologna: il Mulino, 2007).

⁵Antonio Varsori, *Radioso maggio. Come l'Italia entrò in guerra* (Bologna: il Mulino, 2015).

that Italy declared war on Germany), after the Rout of Caporetto in November 1917, the country was able to resist and Italy became a member of the victorious coalition. The new Italian head of the government, Vittorio Emanuele Orlando, was also recognised as a member of the 'Council of Four' at the Paris Peace Conference, with Woodrow Wilson, David Lloyd George and Georges Clémenceau. Italy had thus been accepted as a 'great power', although the major allies wondered whether Italy really deserved such a position: the Italian delegation played a minor role at the peace conference and Italy's claims led to a serious quarrel between Rome and Washington about the country's eastern border with the new state of Yugoslavia.⁶ The British and the French had always regarded Italy as a kind of trouble-making *parvenu* but, especially after the USA returned to isolationism, both London and Paris needed Italy, to preserve the new international system they had created at Versailles.⁷ Italy could also rely on a favourable international balance: some former powerful international actors no longer existed; others were largely limited by the peace treaty; another—the Soviet Union—was perceived as an 'international enemy', due to its new, revolutionary character; and, last but not least, the two victorious nations, Great Britain and France, were negatively influenced by having overstretched their immense empires and required some other ally with whom to share the burden of the Versailles system.⁸

In the early 1920s, although Italy's Fascist regime had inherited this favourable situation from the liberal governments, it was in its best interests to underrate the previous liberal achievements. Mussolini, for his part, was able to boast that he could strengthen Italy's international position. During the 1920s and early 1930s, Italy was indeed one of the pillars of the Versailles system, which confirmed the country's great power status—a role which was also recognised by Britain and France, as, for example, on the occasion of the signing of the Locarno Treaties. During the second half of the 1930s, Mussolini's aggressive policy appeared to

⁶Daniela Rossini, *Woodrow Wilson and the American Myth in Italy. Culture, Diplomacy and War Propaganda* (Cambridge (MS): Harvard University Press, 2008).

⁷Margaret Macmillan, *Peacemakers. The Paris Conference of 1919 and Its Attempt to End War* (London, John Murray, 2002).

⁸Adam Tooze, *The Deluge. The Great War and the Remaking of Global Order 1916–1931* (London: Penguin Books, 2015).

highlight Italy's aspirations to foster its great power role; some Western politicians were also impressed by Mussolini's boasts of Italy's power.⁹

The Second World War and Italy's involvement in it were to be revealed as tragic: within a few months, it was clear that Italy was a mere satellite of Nazi Germany and that its great power role was only a façade, as Italy had nothing that could justify its ambitions: its authoritarian political system, in spite of totalitarian ambitions, revealed all its weaknesses, its military power could not compete with those of its enemies, and its economic structure was still that of a developing country rather than of an industrial power. Even as an enemy, when compared with Germany and Japan, Italy was perceived as belonging to a second-rank group, more similar to Berlin's minor allies in Eastern Europe.¹⁰ In spite of the early armistice signed with the Allies in September 1943 and after two years of co-belligerency, Italy was regarded by the victorious powers as an enemy nation, one of Nazi Germany's satellites, together with Hungary, Bulgaria, Romania and Finland.¹¹ The 1947 peace treaty contained some punitive features and, mainly owing to Britain's wishes, Italy was reduced to its true status as a minor Southern European nation.¹² Despite this political and psychological setback, which put an end to all its dreams of great power, the new anti-Fascist political leadership aimed at reconstructing Italy's international role as the main goal on their political agenda. Obviously, they did not think it was possible to restore Italy to the status of a great power, but they did believe that it should be recognised as a middle-ranking regional power, with some influence and responsibilities in the two traditional areas of its foreign policy: Europe and the Mediterranean, and the Middle East. This goal was consistent with the dramatic changes which characterised the post-war period and the early Cold War: the creation of a bi-polar system,

⁹For a summary of Fascist Italy's foreign policy, see Enzo Collotti, *Fascismo e politica di Potenza: politica estera, 1922–1939* (Firenze: La Nuova Italia, 2000).

¹⁰Renzo De Felice (ed.), *L'Italia fra tedeschi e alleati: la politica estera fascista e la seconda guerra mondiale* (Bologna: il Mulino, 1973).

¹¹Elena Aga Rossi, *Una nazione allo sbando. L'armistizio italiano del settembre 1943 e le sue conseguenze* (Bologna: il Mulino, 2003); Ennio Di Nolfo and Maurizio Serra, *La gabbia infranta. Gli Alleati e l'Italia dal 1943 al 1945* (Roma/Bari: Laterza, 2010).

¹²Sara Lorenzini, *L'Italia e il trattato di pace del 1947* (Bologna: il Mulino, 2007); Effie Padaliu, *Britain, Italy and the Origins of the Cold War* (Basingstoke: Palgrave Macmillan, 2003).

based on two major superpowers, the rapid decline of the old imperial powers—Great Britain and France—and the negative wartime heritage and division of Germany were all factors in favour of Italy's ambitious new aims.¹³ However, until the mid-1950s, Italy had to struggle with problems arising after and from the peace treaty itself. The question of former colonies was solved only in late 1949—not to Italy's advantage; Trieste only returned to Italian sovereignty in October 1954 and Italy became a full member of the United Nations only in 1955, mainly owing to 'early *détente*'. Nevertheless, the Cold War and the Italian moderate leadership's European and Western choices favoured Italy's slow recovery to a middle-ranking role. Its participation in the Atlantic Alliance as a founding partner was important in that it paved the way for the involvement of all the major Western organisations, destined to form the complex structure of the Western European system (such as the Council of Europe, European Coal and Steel Community, European Defence Community and the European Political Community project). With the ratification of the Paris agreements in October 1954, Italy also joined the Western European Union (WEU), the only Western organisation of which it was not yet a member. Between 1955 and 1957, Italy played an active part in the negotiations which were to lead to the establishment of the European Economic Community (EEC) and Euratom (European Atomic Energy Community).¹⁴

The mid-1950s did in fact mark a turning-point in Italy's foreign policy. Under the leadership of left-wing Christian Democrats such as Giovanni Gronchi and Amintore Fanfani, at least until the early 1960s the Italian governments were particularly active in the international field: they aimed at strengthening bonds with the USA, tried to play a leading role in European construction, especially as regarded political questions, and hoped that it would be possible to influence East–West relations, thus favouring the process of *détente*. Last but not least, the Italian authorities launched a new policy towards the Mediterranean and

¹³For a summary, see Antonio Varsori, *L'Italia nelle relazioni internazionali dal 1943 al 1992* (Roma/Bari: Laterza, 1998). See also Ugo De Siervo, Sandro Guerrieri and Antonio Varsori (eds.), *La prima legislatura repubblicana. Continuità e discontinuità nell'azione delle istituzioni*, vol. 1–2 (Rome: Carocci, 2004).

¹⁴In general, see Pier Luigi Ballini, Sandro Guerrieri and Antonio Varsori (eds.), *Le istituzioni repubblicane dal centrismo al centro-sinistra (1953–1968)* (Roma: Carocci, 2006).

the Middle East, based on support to decolonisation and dialogue with the new Third World leaderships—for example, Gamal Abdel Nasser's Egypt.¹⁵ There were several causes for these developments: Italy's new Christian Democrat leadership felt more confidence in its capacity to rule the nation, partly due to the new political formula based on a centre-left coalition, which was to include the Socialists and isolate the Communists, and the country was undergoing a period of sudden economic and social change—the so-called 'economic miracle'—which was to transform it into one of the most highly industrialised nations in Europe,¹⁶ so that a spirit of optimism pervaded both public opinion and the industrial *milieu*. Such a positive situation was partly due to the personality of Enrico Mattei, head of the state-owned oil company *Ente Nazionale Idrocarburi* (ENI), who was even ready to challenge the 'Seven Sisters' in order to conquer new oil markets¹⁷; the crisis of Britain and France in the Mediterranean and the Middle East also offered Italian diplomats and businessmen new opportunities. Last but not least, relations between Italy and the USA during the Kennedy and Johnson administrations were particularly good, as Washington perceived Italy as a stable and faithful ally in a time when other influential Western European nations, such as de Gaulle's France, were harshly critical of Washington's policy.¹⁸

However, this positive period was short-lived and, by the late 1960s, Italy had entered a troubled era of political crisis, economic turmoil and social unrest,¹⁹ mainly expressed by the threat of right and extreme left terrorism, which peaked in 1978 with the kidnapping and murder of Aldo Moro, one of the most influential Christian Democrat leaders

¹⁵See, for example, Agostino Giovagnoli and Luciano Tosi (eds.), *Amintore Fanfani e la politica estera italiana* (Venezia: Marsilio, 2010).

¹⁶See Francesco Petrini's chapter in the present volume and its references.

¹⁷On the role played by Mattei and the ENI, see, for example, Leonardo Maugeri, *L'arma del petrolio. Questione petrolifera globale, guerra fredda e politica italiana nella vicenda di Enrico Mattei* (Firenze: Loggia de' Lanzi, 1994); Bruna Bagnato, *Petrolio e politica. Mattei in Marocco* (Firenze: Polistampa, 2004); Silvio Labbate, *Il governo dell'energia. L'Italia dal petrolio al nucleare 1945–1975* (Firenze: Le Monnier, 2010).

¹⁸On the relationship between the USA and Italy during the early centre-left experience, see, in particular, Leopoldo Nuti, *Gli Stati Uniti e l'apertura a sinistra. Importanza e limiti della presenza americana in Italia* (Roma/Bari: Laterza, 1999).

¹⁹On Italy during the 1970s, see *L'Italia repubblicana nella crisi degli anni Settanta*, vol. 1–4 (Soveria Mannelli: Rubbettino, 2003).

and statesmen. In general, the political and cultural balance was characterised by a move towards the left and the increasing power and credibility of the Italian Communist party (PCI) which, ably led by Enrico Berlinguer, seemed likely to come to power.²⁰ For more than a decade, Italy was perceived by the major Western leaders as the 'sick man' of Europe and, especially by the mid-1970s—with the fall of the dictatorships in Portugal, Greece and Spain—also in Washington, as well as in other Western European capitals: it was feared that the whole of Southern Europe might be lost to the West and become an area of lasting and dangerous instability.²¹ In this context, Italy was more an object than a subject of foreign policy, although its moderate leaders tried to maintain close relations with the Western system, in particular with the European Community. For their part, on more than one occasion the Western nations gave substantial financial support to the Italian economy and helped the authorities in Rome to produce the image of a country which was still part of the Western system: in late 1975, this was to lead to Italian involvement in the creation of the G7.²²

THE TURNING-POINT OF THE LATE 1970S: ITALY AND THE 'NEW' COLD WAR

Between 1975 and 1976, the Western powers' fears about Italy's internal situation reached its climax. On the occasion of the local elections held in June 1975, the Italian Communist party obtained about 33% of the vote; the Christian Democrats and their moderate allies were plagued by a series of financial scandals (sometimes of an international character which also involved the alliance with the USA, such as the 'Lockheed affair'); the authorities appeared unable to face the double threat from criminal organisations and terrorist groups; and the economy suffered both from the general international situation and domestic difficulties (decrease in productivity, prolonged strikes, etc.), which were also the consequence of the growing power enjoyed by the trade unions. When,

²⁰On the PCI during the 1970s, see Silvio Pons, *Berlinguer e la fine del Comunismo* (Torino: Einaudi, 2006).

²¹Mario Del Pero, Victor Gavin, Fernando Guirao and Antonio Varsori, *Democrazie. L'Europa meridionale e la fine delle dittature* (Firenze: Le Monnier, 2010).

²²See Marinella Neri Gualdesi's chapter in this volume.

in early 1976, Giovanni Leone, president of the Republic, was obliged to call a national election, in the major Western capitals it was thought that the Italian Communists would win and come to power through legal means. Although the PCI had launched the new 'Eurocommunist' line, often critical of both the Soviet Union and the Soviet system, and although Berlinguer had openly stated his support of European integration and his acceptance of Italy's NATO membership, the West could not accept the possibility of an Italian government involving the Communists. On the eve of the elections, particularly due to pressure from Helmut Schmidt's West Germany and Valéry Giscard d'Estaing's France, the USA, Great Britain, France and West Germany tried to work out a common strategy in order to counter the Italian Communist 'threat'. Although the Christian Democrats came out of the elections still as the most important party (with about 37% of votes), the PCI confirmed its strength (with 33%). In a separate informal meeting during the Puerto Rico G7, the leaders of the four powers confirmed their determination to prevent the direct involvement of the PCI in any future Italian government, and it was clear that Western financial support to the Italian economy was affected by the exclusion of the Communists from governmental responsibilities.²³ For his part, the Christian Democrat Giulio Andreotti was able to form a cabinet, which benefited by the abstention of the PCI, since the cabinet contained no Communist members. Andreotti also drafted a significant early agreement with the trade unions and, between 1976 and 1977, the IMF granted a substantial loan to the Italian government. Although the Italian domestic situation was still very serious—in 1977, the country was particularly affected by increasingly violent terrorism and mass turmoil—Western concern appeared to diminish; this development was also due to the attitude of the new US administration, as the Carter presidency rejected the tradition of intervention in other countries' internal affairs. Although the USA still publicly disliked the prospect of communist participation in an Italian government, they avoided the negative tones of the previous administration; the British, French and West German authorities chose to maintain a low profile.²⁴

²³Antonio Varsori, *Puerto Rico (1976): le potenze occidentali e il problema comunista in Italia*, *Ventesimo Secolo* 7, no. 16 (2008): 89–121.

²⁴See Richard Gardner, *Mission: Italy. On the Front Lines of the Cold War* (Lanham: Rowman & Littlefield, 2005).

There was also growing confidence in Giulio Andreotti who, although not rejecting dialogue and the external support of the PCI, confirmed that he would never accept direct communist participation in his government.

In 1978, the Red Brigades kidnapped Aldo Moro and murdered him after holding him in an unknown location for over two months. This was regarded as the most dangerous attack ever made on the democratic system and led to the creation of a 'national unity' government, supported by the Communists although, once again, Andreotti was able to avoid any direct Communist participation in his cabinet. As regards Western reactions, the Western powers appreciated the apparent positive reaction by Italian opinion and the political world; most Italians emphatically rejected the Red Brigades' appeals to a revolution, partly through mass demonstrations. The main political parties did not accept this kind of blackmail, although such an uncompromising attitude meant that Moro's life had to be sacrificed. In spite of everything, the Moro tragedy, in the eyes of Western decision-makers, was proof that the Italian democratic system was still active and could react to terrorist threats from the revolutionary left. Obviously, the involvement of the PCI in the governmental majority could only be accepted in the short term, and this was clearly understood by the moderate elements among the Christian Democrats.²⁵ It was European integration which offered the opportunity of an early realignment to the West. This perspective did have some positive aspects: the Italian Communists had accepted the EEC since the late 1960s and had openly stated their pro-European, even their pro-federalist, position. It is not clear whether they were aware of the continuing hostility towards the PCI from the major Western European leaders, especially Schmidt and Giscard, who regarded the prospect of their participation in an Italian government as paramount to a threat to the foundations of Europe.

In 1978, the West German chancellor Schmidt, with the support of the French president, launched a project for the creation of a European Monetary System (EMS). Italy joined the negotiations, hoping to extract important economic concessions from its European partners and to

²⁵Umberto Gentiloni Silveri, *L'Italia sospesa: la crisi degli anni Settanta vista da Washington* (Torino: Einaudi, 2009); Lucrezia Cominelli, *L'Italia sotto tutela. Stati Uniti, Europa e crisi italiana degli anni Settanta* (Firenze: Le Monnier, 2014).

enjoy the support of Britain, which had similar serious economic problems. However, on the eve of the final negotiations, Britain stated that it would not join the EMS. Participation would clearly involve a policy of austerity, as well as stricter control of monetary policy in order to avoid inflation and competitive devaluation, instruments to which Italian governments had often resorted in previous years to boost exports. However, a policy of austerity was fiercely opposed by both the PCI and the trade unions, especially the powerful CGIL, largely controlled by the Communists. Andreotti and the Christian Democrats thus faced a thorny dilemma: on one hand, loyalty to European integration and to the West and, on the other, continuing cooperation with the Communist party. In the end, also probably owing to further pressures from West Germany, loyalty to the European tradition prevailed.²⁶ But this decision meant a break in the government of national unity and, a few months later, the Communists left the coalition. This was also the first important example of the *‘vincolo esterno’* (‘external bond’), an instrument by means of which weak governments could impose unpopular economic choices on the public opinion on the basis of international (that is, mainly European) commitments.²⁷

In 1979, a new Italian cabinet, led by Francesco Cossiga, a decidedly pro-Western Christian Democrat, took another vital decision in the process of full re-alignment with the West, approving NATO’s ‘dual-track’ strategy involving the installation of Euromissiles on Italian territory. The opposition of the Communists to the Atlantic strategy marked their retreat to isolation on the Italian political scene.²⁸ This change was also confirmed by the partial electoral defeat of the PCI in the 1979 general elections. During the following years, the ‘new’ Cold War, with episodes such as the Soviet invasion of Afghanistan and the military *coup d’état* in Poland, further favoured the creation of a new five-party centre-left coalition—the so-called *‘Pentapartito’*, whose political formula was to last until the early 1990s.

²⁶Antonio Varsori, *La Cenerentola d’Europa? L’Italia e l’integrazione europea dal 1947 a oggi* (Soveria Mannelli: Rubbettino, 2010), 314–330.

²⁷Roberto Gualtieri, *L’Europa come vincolo esterno*, in *L’Italia nella costruzione europea. Un bilancio storico (1957–2007)*, eds. Piero Craveri and Antonio Varsori (Milano: Franco Angeli, 2009), 313–333.

²⁸See, in general, Leopoldo Nuti, *La sfida nucleare. La politica estera italiana e le armi atomiche 1945–1991* (Bologna: il Mulino, 2007).

It is difficult to understand Italy's renewed aspirations in the international field unless we review the domestic changes which characterised the country during the 1980s. The new coalition was based on a new equilibrium between the Christian Democrats and their allies: although the DC was still the main pillar of the Italian political system, the smaller lay parties, partly owing to new bold and effective political leaderships, were able to exert a stronger influence. First, in 1978, the elderly Socialist leader Sandro Pertini was elected president of the Republic. An unconventional and outspoken politician, who loved to remember his past experience as a staunch anti-Fascist and partisan leader, he became very popular and enjoyed cordial relations with most foreign leaders and the international media, which regarded him as a symbol of the 'honest' and democratic majority of the Italian people, a kind of 'people's president'.²⁹ Another symbol of the partial renewal of Italy's political *élite* was the Republican Giovanni Spadolini, a dignified university professor of contemporary history and, above all, a convinced pro-Western politician, who was head of the cabinet in 1981 and 1982. However, the most important new political figure was probably the Socialist Bettino Craxi, who was chairman of the Council between 1983 and 1987, and marked the whole decade with his assertive leadership and aspirations for clearly defined internal reforms and for emphasising Italy's international role. In this context, Andreotti, Foreign Minister between 1983 and 1989 and head of the cabinet between 1989 and 1992, represented the continuity of Christian Democrat power. A witty and sometimes cynical politician, with his high church manners and close contacts with the Papal Curia, he had started his political career in the immediate post-war period under Alcide De Gasperi and had been minister and head of the government several times. In addition, although between 1981 and 1992 Italy had ten different cabinets, there was strong continuity both in the political formula and in the party and government leaderships.³⁰

²⁹Stefano Caretti e Maurizio Degl'Innocenti (eds.), *Sandro Pertini e la bandiera italiana* (Manduria: Lacaita, 2016). On the occasion of Pertini's official visit to the USA in 1982, the cover of *Time* called Pertini the 'People's President'.

³⁰Massimo Pini, *Craxi. Una vita un'era politica* (Milano: Mondadori, 2007); Mario Barone and Ennio Di Nolfo (eds.), *Giulio Andreotti: l'uomo, il cattolico, lo statista* (Soveria Mannelli: Rubbettino, 2010); Antonio Varsori, 'Bettino Craxi and Giulio Andreotti', in *The Oxford Handbook of Italian Politics*, eds. Erik Jones and Gianfranco Pasquino (Oxford: Oxford University Press, 2015), 378–393.

Socially, Italy was able to defeat the terrorist threat, especially that of the Red Brigades. In January 1982, the successful liberation by a special police unit in Padova of US General James L. Dozier, kidnapped by the Red Brigades in Verona, had a considerable effect on international public opinion. During these years, Italy also presented the optimistic image of a country which had overcome the gloomy 1970s—the so-called ‘lead years’ and was rapidly modernising, especially in its general way of life and everyday beliefs, following the ‘neo-capitalist’ trend of Margaret Thatcher’s Britain and Ronald Reagan’s USA. This image was enhanced by the positive performance of the Italian economy: after a period of stagnation during the first half of the 1980s, between 1987 and 1990 the GNP increased every year by more than 4%, while at the same time inflation decreased from over 22% in the early 1980s to 4–5% by the end of the decade. In 1987, Craxi could state that Italy’s GNP had overtaken that of Britain and that Italy had become the world’s fifth economic power. In fact, a new generation of businessmen (such as Gianni Agnelli, Silvio Berlusconi, Carlo De Benedetti and Raul Gardini) made their mark on the Italian economic system and were called the ‘*condottieri*’ of Italian finance and industry by the international press. In this context, Milan—Bettino Craxi’s birthplace and its electoral stronghold—became the symbol of a new ‘yuppie-type’, self-confident Italy, the capital of the international fashion industry, of new commercial television networks, and of a world which looked to Reagan’s USA as its point of reference.³¹ Obviously, Italy was still influenced by negative factors such as an inefficient civil service, the presence of deep-rooted criminal organisations, the persisting backwardness of the south, and a confused and often corrupt political system. But even in the evaluations of the international media and foreign opinion-makers, these drawbacks were outnumbered by positive elements.³² Such a situation greatly influenced Italy’s foreign policy and, although to a lesser extent, also the attitude of Italy’s major international partners.

³¹Marco Gervasoni, *Storia d'Italia negli anni Ottanta. Quando eravamo moderni* (Venezia: Marsilio, 2010); Daniele Caviglia and Silvio Labbate (eds.), *Al governo del cambiamento. L'Italia di Craxi tra rinnovamento e obiettivi mancati* (Soveria Mannelli: Rubbettino, 2014). On the foreign media attitude, see Valentine Lomellini and Antonio Varsori, “*Italian Way of Life*”. *Vizi e virtù dell'Italia degli anni Ottanta nella stampa internazionale*, *Memoria e Ricerca*, no. 2 (2016): 261–282.

³²Ibid.

THE ALLIANCE WITH THE USA: BETWEEN TRADITIONAL ALIGNMENT AND NEW SPACE FOR DIPLOMATIC MANOEUVRES

Although the 'new' Cold War was regarded as a global contest between Washington and Moscow, after twenty years of *détente* due to the Euromissile problem, the Polish crisis and the Soviet repression of all dissident movements, the European continent once again became the focus of the East–West conflict. In this context, the USA's commitment to the defence of Western Europe became stronger and NATO's strategy was a vital part of Washington's Cold War planning. Italy played a leading role and its political and strategic importance increased in the opinion of Reagan's administration, at least until the second half of the decade, when Gorbachev's rise to power in Moscow opened a new season of *détente*. This led to a period of relaxation among the superpowers, a period which peaked with the INF (Intermediate-Range Nuclear Forces) Treaty.³³

During the first half of the 1980s, the Italian governments led by Spadolini and Craxi had always stated their loyalty to NATO's strategy and fully supported the project for installing Euromissiles at the Sicilian base of Comiso. This decision was of particular importance, as the five-party coalition cabinets had to face the opposition of a strong pacifist movement which, openly supported by the Communist party, was able to organise mass demonstrations involving more than one million militants at any one time in many Italian cities. Craxi, although he was the leader of a Socialist party, supported the Reagan administration's view about the presence of a strategic imbalance which, due to the installation of SS-20 missiles in Warsaw Pact territories, favoured the Soviet Union.

As regards the pacifist movement, the Italian Socialist leader shared French president Mitterrand's opinion that '*le pacifisme est à l'ouest et les euromissiles sont à l'est*'.³⁴ It is often argued that the firmness of the Italian position gave great support to Helmut Kohl's Atlantic policy, as the West German chancellor also had to face strong domestic opposition from a powerful pacifist movement to the installation of Euromissiles,

³³See, for example, Leopoldo Nuti (ed.), *The Euromissiles Crisis and the End of the Cold War* (Stanford (CA): Stanford University Press, 2015).

³⁴On the relations between Paris and Rome, see the interesting remarks made by Daniele Caviglia, 'Non c'è pace in famiglia. Craxi, Mitterrand e il problema delle "forze terze"', *Al governo del cambiamento*, 73–102.

which was viewed positively by influential sectors of the Social Democrat party.³⁵ The US administration also appreciated the new attitude shown by the Italian authorities towards their own military commitment: it was not only a question of allowing the USA to install their missiles on Italian territory. For the first time, after almost thirty years of neglect or suspicion, the Italian government thought that it was possible to regard armed forces as instruments of foreign policy, and in this context, partly owing to decisions made by two efficient defence ministers such as the Socialist Lelio Lagorio (1980–1983) and the Republican Spadolini (1983–1987), the modernisation and professionalisation of the Italian Army were undertaken.³⁶ This development was further strengthened by the partial re-discovery of such values as patriotism, the importance of the national flag, and the tradition of the *Risorgimento*, which featured frequently in the political discourses of influential politicians such as Pertini, Spadolini and Craxi. The change in Italy's attitude to the role of its armed forces was tested in 1982–1983, when the Spadolini government decided to send an Italian contingent to Lebanon, as part of the multinational peace force promoted by the USA and France, in order to favour a truce between the Israelis and the Palestinians. Initially, Italian military participation was regarded patronisingly by the international press but, at the end of this Western initiative, Italy's intervention was usually praised: the attitudes of the Italian government and its military on the spot were appreciated because, unlike those of the USA and the French, they did appear to be truly neutral among the various Lebanese and foreign fighting factions, and their presence was effectively limited to peace-keeping.³⁷

The relationship between Italy and the USA during the 1980s was not one of mere subservience to the Reagan administration's foreign policy. On the contrary, especially during the Craxi governments, the Socialist head of the cabinet aimed at showing that the alliance between Rome and Washington had developed into an equal partnership. In fact, there were regional crises, with open disagreement between the

³⁵Ennio Di Nolfo (ed.), *La politica estera italiana negli anni Ottanta* (Manduria: Lacaita, 2003).

³⁶Lelio Lagorio, *L'ultima sfida. Gli euromissili* (Firenze: La Loggia dè Lanzi, 1998) and Id., *L'ora di Austerlitz 1980. La svolta che mutò l'Italia* (Firenze: Polistampa, 2005).

³⁷Fabio Tana (ed.), *La lezione del Libano. La missione della forza multinazionale e la politica italiana* (Milano: Franco Angeli, 1985).

nations, examples being the US policy towards Latin America, especially Washington's support of both the 'Contras' movement and El Salvador's regime. As regards this problem, however, the Italian government's position did not differ greatly from that of most EEC members, particularly François Mitterrand's France, which advocated a diplomatic and peaceful solution to the Central American crisis, based on a future of social justice.

The Lebanese episode of 1982–1983 had already shown that Rome did not fully share the US administration's evaluation of the situation in the Middle East. Although the Italian authorities agreed with Washington about the growing threat of the Soviet military and political influence in the area, they thought it was in Western interests to maintain some form of dialogue with all the Arab actors and regimes. In particular, as regards the Palestinian–Israeli conflict, the Italian authorities always demonstrated a sympathetic attitude towards the 'rights of the Palestinian people'. During the 1980s, Rome's foreign policy aimed at creating a friendly relationship, not only with some moderate Arab nations, such as Egypt, a long-time friend of Italy, but also with the Palestine Liberation Organisation (PLO).³⁸ In the opinion of the Italian authorities, the continuing crisis in the Middle East strengthened both Moscow's interests and anti-Western feelings: the only way to solve such a crisis would be direct dialogue between Israel and the Palestinians. However, as only the PLO represented the majority of the Palestinian people, Yasser Arafat and his organisation clearly had to be recognised, although at the same time Italy aimed at putting pressure on the PLO in order to convince its leadership to give up terrorist activities. This policy was not directed against the USA: on the contrary, the Italian government believed that, from a long-term perspective, the legitimisation of the PLO would be to the advantage of US policy in the Middle East, as only Washington could become the mediator between the Israelis and the Palestinians, thus favouring a peaceful solution to the main source of conflict in this

³⁸On Italy's policy towards the Middle East, see Daniele Caviglia and Massimiliano Cricco, *La diplomazia italiana e gli equilibri mediterranei. La politica mediorientale dell'Italia dalla guerra dei sei giorni al conflitto dello Yom Kippur (1967–1973)* (Soveria Mannelli: Rubbettino, 2009); Luca Riccardi, *L'internazionalismo difficile. La diplomazia del PCI e il Medio Oriente dalla crisi petrolifera alla caduta del muro di Berlino (1973–1989)* (Soveria Mannelli: Rubbettino, 2013) and Id., *L'ultima politica estera. L'Italia e il Medio Oriente alla fine della Prima Repubblica* (Soveria Mannelli: Rubbettino, 2014).

troubled area. The interest in developing US/Middle Eastern policy was continually mentioned by the Italian decision-makers and, although the Reagan administration demonstrated its negative attitude towards the PLO, they did not impede Italy's diplomatic initiatives. In this way, Arafat could be welcomed in the Italian capital as a kind of head of state, and the PLO could set up an unofficial diplomatic representation in Rome.

Another area of potential disagreement between Washington and Rome was the contrasting attitude towards Muammar Ghaddafi's Libya. Since he had come to power in Tripoli, the relationship between Italy and the new radical Libyan regime had been characterised by substantial economic bonds and political ambiguities. Although the Italian authorities were aware both of Ghaddafi's radical tendencies and his support to various anti-Western and terrorist movements, they thought that Italy's economic advantages were far more important than the dangerous implications of Tripoli's foreign policy. For this reason, Rome followed a very cautious policy. The Italian authorities disliked the warmongering attitude of Reagan's administration, especially the military initiatives of the mid-1980s, and it is now known that Craxi's government had informed Ghaddafi's of the US plan to bomb the building which hosted the Libyan dictator. Nevertheless, there were other areas in the Middle East and Africa where Rome and Washington appeared to share common interests.³⁹ Since the late 1970s, Rome had singled out Iraq as a potentially profitable economic partner: in the following years Italy's investments and loans, also in the defence field, increased sharply, indirectly supporting a nation which was involved in a bloody conflict with Khomeini's Iran and was receiving substantial help from Western powers, which regarded Teheran's fundamentalist regime as a serious threat to Saudi Arabia and other pro-Western Gulf kingdoms.⁴⁰

During the 1980s, Italy's ambitious foreign policy extended its influence to the field of development aid. In the 1960s, the Western powers had put pressure on Rome to favour Italy's definite commitment to

³⁹Federico Cresti and Massimiliano Cricco, *Storia della Libia contemporanea. Dal dominio ottomano alla morte di Gheddafi* (Roma: Carocci, 2012), 235–254.

⁴⁰Antonio Varsori, *L'Italia e la fine della guerra fredda. La politica estera dei governi Andreotti (1989–1992)* (Bologna: il Mulino, 2013). On the relations between Italy and Iraq between the 1970s and the 1980s, see documents in Istituto Luigi Sturzo (hereafter ILS), Giulio Andreotti Archive (hereafter GAA), Iraq, boxes 1264 and 1266.

economic aid to underdeveloped nations. But Italy's financial help had always been scanty, with the exception of the role played by some large state companies, such as ENI. The economic crisis of the 1970s had been a serious obstacle to any substantial increase in Italy's development aid. In fact, there had been increasing political awareness of the importance of this topic but, although it had become the ground for dialogue among Communists, Socialists and Christian Democrats, it resulted in few practical consequences. The growing influence exerted by Craxi's Socialists and the increasing commitment of public opinion in the 1980s led to the creation of legislative instruments and substantial economic investment in the policy of development aid. Italy identified some countries with which it had developed close bonds in the past. As regards the Mediterranean area, Rome confirmed its links with Mubarak's Egypt, one of the more reliable pro-Western regimes in the area, and renewed its influence in some of its former colonies in 'black' Africa. One of the most significant cases was that of Somaliland where, since the late 1970s the government led by Siad Barre had radically changed its foreign policy, from a pro-Soviet attitude to an alignment to the West. Italy's role as a donor in the 'Horn of Africa' further strengthened Western positions: however, at the same time, as a heritage of the 'national unity' governments of the 1970s, Italy used economic aid to support some pro-communist regimes such as those in Angola and Ethiopia.⁴¹

Italy's wider space for diplomatic manoeuvring, as well as the importance it had achieved in bilateral relations with the USA, were tested and further confirmed by the well-known 'Sigonella affair'. In October 1985, while travelling in the Mediterranean, the Italian cruise ship 'Achille Lauro' was hijacked by a group of Palestinian militants. The Craxi government opened negotiations to free the hostages through the Egyptian president Mubarak and a representative of the radical wing of the PLO, Abu Abbas. At that time, no one knew that it was Abu Abbas himself who had encouraged the hijacking. Nor had the ship's captain informed the Italian authorities that the three terrorists had shot one of the hostages: Leo Klinghoffer was an elderly US citizen of Jewish origin, who was also seriously handicapped and only able to move around

⁴¹See Elena Calandri's chapter in the present volume and, for a wider analysis, Elena Calandri, *Prima della globalizzazione. L'Italia, la cooperazione allo sviluppo e la guerra fredda 1955–1995* (Padova: CEDAM, 2013).

in a wheelchair. Still in his wheelchair, he was thrown overboard by the terrorists.

An agreement was later reached between the Italian government and the Egyptian authorities: the passengers and crew of the 'Achille Lauro' would be freed, and the terrorists, accompanied by Abu Abbas, would be allowed to reach an Arab country from Egypt by air. When the Reagan administration was informed of the murder of Klinghoffer, this decision was reversed and it was decided to capture not only the terrorists but also Abu Abbas. The Egyptian aircraft was compelled by US fighter planes to land at the Italian military airport of Sigonella in Sicily, where a unit of the US Delta Force immediately surrounded it. The reaction of the Italian government, and in particular of Craxi, was that the US operation was perceived as a serious breach of Italian sovereignty and an offence to Italian national pride. The Italian head of the cabinet gave orders that the terrorists were not to be consigned to the USA, but would be taken into Italian custody, with the result that a *Carabinieri* unit surrounded the US Delta Force personnel. Some tense hours passed in Sigonella, and a series of secret and urgent messages flew between Washington and Rome. In the end, the US administration backed down: the three terrorists were taken into custody by the Italian authorities, and Abu Abbas, whom the Italians still regarded as a mediator, was to leave Italian territory and reach neutral Yugoslavia. The majority of the Italian public and the political milieu, with the exception of Spadolini's Republican party, traditionally staunchly pro-US and pro-Israel, openly supported the decision of Craxi, who perhaps reached the peak of his political consensus as a result of the Sigonella crisis.

Despite these extraordinary situations and complications, in the long term the relationship between Rome and Washington did not suffer from this grave episode. A few months later, both governments indicated their wish to 'mend their fences' and there was a cordial exchange of letters, almost immediately made public, in which Reagan wrote to 'Dear Bettino' and Craxi replied to 'Dear Ron'. Apparently Reagan had appreciated both the Italian government's motives and Craxi's strong defence of Italy's national pride. The Sigonella episode was thus perceived as a way to strengthen US-Italian bilateral bonds through the recognition of the mutual right to defend national sovereignty.⁴² This interpretation

⁴²On the Sigonella episode, the Craxi Foundation has sponsored the publication of a volume containing interesting hitherto unpublished documents from various archives.

also appeared to be confirmed by the mutual confidence which was destined to characterise relations between Italy and the USA throughout the 1980s. In fact, it is very probable that, on one hand, other aspects of Rome's foreign policy, especially the Euromissiles problem and the general Mediterranean balance, were regarded in Washington as far more significant. On the other hand, the USA did not intend to give up their tendency to take unilateral decisions, even though they might threaten Italian interests, as in the case of the bombing of Tripoli in 1986.⁴³

ITALY'S COMMITMENT TO THE EUROPEAN PROJECT

During the 1980s, the five-party governments continued to confirm Italy's steady loyalty to European ideals, as well as their support to the federalist approach, especially to any plan which would enhance the power and competences of both the European Parliament and the European Commission. Although Italy's attitude was influenced by the federalist tradition which had taken root in the Italian political world since the late 1940s, Rome's position was also perceived as a political asset from a domestic viewpoint, as it was the only common ground in foreign policy for all the political parties (with the exception of the neo-Fascists), and thus represented a way of maintaining some kind of dialogue among the five moderate parties and the Italian Communists during a period of renewed tensions and problems concerning Cold War foreign policy. From an international viewpoint, support to political integration was an indirect boost to Italy's national interests within the EEC,

See Fondazione Craxi (ed.), *Bettino Craxi. La notte di Sigonella. Documenti e discorsi sull'evento che restituì l'orgoglio all'Italia* (Milano: Mondadori, 2015); see also the most recent and well-documented contribution by Matteo Gerlini, *Il dirottamento dell'Achille Lauro e i suoi inattesi e sorprendenti risvolti* (Milano: Mondadori, 2016).

⁴³In April 1986, as a reaction to a terrorist attack in Berlin, which had provoked some casualties among US citizens, the Reagan administration ordered the operation 'El Dorado Canyon'—the bombing of the building in which the leader Ghaddafi was hiding in Tripoli. Ghaddafi, who had been informed of the imminent attack from several sources, including members of the Italian government, survived and, in retaliation, ordered the launch of two Scud missiles against the Italian island of Pantelleria, although he stated that they were aimed at a US base on the island. The two missiles fell into the sea without exploding and the Italian authorities tried to play down the episode. See Cresti and Cricco, *Storia della Libia*, 250–251.

as the European Parliament and the Commission had usually favoured some of Italy's European goals such as setting up effective regional policies or strengthening the European Social policy.⁴⁴

During the early 1980s, the integration process slowed, partly as a consequence of the change in the leaderships of all the most influential European nations (from Great Britain to France, from West Germany to Italy). One obstacle to progress in integration had been Thatcher's claim about the reform of the European budget—the well-known 'I want my money back'. The Italian authorities had always been aware that strong French–German agreement would favour progress in integration but, at the same time, they had always been very suspicious of an excessively close French–German 'couple', which would jeopardise Italy's position as one of the major European partners. So it is not surprising that, in the early 1980s, Rome tried to work out a *rapprochement* with Bonn within the EC context, as relations between West Germany and France had deteriorated due to Mitterrand's early economic policy decisions and to suspicions aroused by the French Socialists' decision to cooperate with the Communists at national level. This Italian approach led to the so-called 'Colombo–Genscher declaration': although the joint statement committed both Italy and Germany to political integration, the declaration had no practical consequences.⁴⁵ In addition, the foreign policy pursued by both Spadolini governments and the first Craxi government was mainly influenced by the Euromissiles problem and the situation in the Mediterranean and the Middle East. In fact, the Italian authorities were able to profit from the initiatives launched by Altiero Spinelli in the first elected legislature of the European Parliament. Although Spinelli had been elected as an independent in the list of the Italian Communist party, he was mainly committed to progress towards a federal Europe and maintained close contacts with the Italian European MPs throughout the political spectrum, in particular with some Christian Democrats and Socialists, who could clearly influence the attitudes of the European Socialist party and the European Popular party. Spinelli's campaign to draft a kind of federal 'constitution' by the Strasbourg assembly was enthusiastically received in the Italian political

⁴⁴For an overall analysis, see Varsori, *La Cenerentola d'Europa*.

⁴⁵Hans Stark, *Kohl, l'Allemagne et l'Europe. La politique d'intégration européenne de la République Fédérale 1982–1988* (Paris: L'Harmattan, 2004), 32–42.

milieu, and there were some close links between his project and Italy's long-standing position in favour of a stronger Parliament and European Commission.⁴⁶ Nevertheless, a French–German *rapprochement*, did take place between 1983 and 1984, when Mitterrand began to support the ideals of European integration and the new West German chancellor Kohl appeared to share Mitterrand's views. These developments led to the appointment of the French former finance minister Jacques Delors, a Christian Socialist and a strong advocate of integration, to the chairmanship of the European Commission. In June 1984, on the occasion of the Fontainebleau European Council, a French–German initiative led to the solution of the problem regarding the British budgetary claim. The European Council did not take up a definite position on the European Parliament's project as advocated by Spinelli, but there was general agreement on the need to start working on reforming the Rome treaties and setting up of a European Community which would be closer to European citizens. Two study groups were created: the Dooge Committee and the Adonnino Committee. Their results were consistent with Italy's aspirations to strengthen political integration, especially through the wider competences of both Parliament and Commission.⁴⁷

In the meantime, in January 1985, Italy took up the chairmanship of the European Community. Craxi had reached the peak of his political consensus and both he and foreign minister Andreotti were eager to confirm Italy's leading international role with a diplomatic success within the EC. The Italian government first focused attention on concluding the negotiations which were to lead to full membership for Spain and Portugal, although it was obvious that such a goal would be the outcome of a long process which had started some years earlier. The authorities in Rome, partly on the basis of the results of the Dooge and Adonnino Committees, decided on the ambitious goal of convening an inter-governmental conference (IGC), the main objective of which would be reform of the Rome treaties which, in Italy's opinion, would strengthen the competences of both the European Parliament and the

⁴⁶On Altiero Spinelli, see the biography by Piero Graglia, *Altiero Spinelli* (Bologna: il Mulino, 2008) and the diary of Altiero Spinelli, *Diario europeo 1976–1986*, vol. 3 (Bologna: il Mulino, 1992).

⁴⁷Antonio Varsori, 'The Relaunching of Europe of the mid-1980s', in *European Integration and the Atlantic Community in the 1980s*, eds. Kiran Patel and Kenneth Weisbrode (New York: Cambridge University Press, 2013), 226–242.

Commission. This goal had to be achieved before the meeting of the Milan European Council, due to be held in June, just before the conclusion of the Italian chairmanship of the EC.

Some Italian scholars have argued that this Council must be regarded as an outstanding Italian diplomatic achievement, as the Italian presidency was able to defeat the British delegation's opposition. The issue was decided on the basis of a majority vote—a definite break with the Luxembourg compromise of 1966. This decision paved the way for the opening of the Luxembourg IGC, which led to the signing of the Single European Act (SEA). The SEA aimed at reinforcing the powers of the European Commission, thus offering Delors, with the support of both Mitterrand and Kohl, the opportunity of laying the foundations of the 'single European market', that is, the Economic and Monetary Union (EMU). Although no one can deny the importance of Italy's role in Milan, the efforts of Craxi and Andreotti would have been to no avail without Mitterrand's and Kohl's support. In addition, the French–German position was the outcome of a last-minute decision, as until only a few days before the opening of the Milan Council the Italian authorities had been unable to convince the French and West Germans of the benefits of reaching a preliminary common position.⁴⁸ In fact, until the eve of the conference, Mitterrand had appeared to be more interested in his EUREKA project for closer European cooperation in the field of sciences and technology which, in his opinion, was destined to counterbalance Reagan's Strategic Defense Initiative (SDI), but the Italian authorities showed little interest in the French project.

As regards the political development of the EC, during the negotiations of the Luxembourg IGC, the Italian delegation had been very critical of both the French and West German positions and confirmed their commitment to the radical federalist approach based on the pivotal role of the European Parliament. In 1987, the Italian government was the last to sign and ratify the SEA, as a protest against what was regarded as a minor achievement and a kind of betrayal of Spinelli's ideals. The Italian authorities were in fact unable to understand the extraordinary importance of the SEA, which would offer the Delors Commission the instrument to strengthen its role and achieve rapid progress in the EMU plan. The Italian government had always regarded European policy as a matter

⁴⁸Varsori, *La Cenerentola d'Europa?*, 337–352.

of high politics: in such a context, the governmental authorities and the diplomatic corps would be able to safeguard the nation's major interests. On the contrary, SEA, the new role played by the Commission, meant that reforming the European budget would radically change the relationship between Brussels and the member states, with an increasingly important role to be played on the domestic level by national and sub-national bodies. But in these contexts Italy could only demonstrate all its weaknesses, especially the slowness of its parliamentary procedures, the inefficiency of both the political system and the civil service, and others. By the late 1980s, Italy had become the member state with the greatest number of infringements of European directives, while its authorities were unable to benefit from substantial financial support from the EC.⁴⁹

Last but not least, Italy was unable to build up steady and 'special' bilateral links within the EC, as in the case of the French–German 'couple'. Although its relations with its major European partners were usually good, it was also obvious that France would be the best partner. Especially during Craxi's premiership, the political discourse appeared to believe in the existence of a common ground, 'Euro-Socialism', which would unite a group of Southern European countries ruled by Socialist leaders—Soares in Portugal, Gonzales in Spain, Mitterrand in France, Craxi in Italy and Papandreou in Greece. However, this kind of cooperation was only a useful 'catch-word', without any practical consequences. France had always regarded West Germany as its most influential political partner; the French authorities paid some attention to Italy's economy, and on several occasions had tried to involve Rome in strategic bilateral projects—usually to no avail, since the Italian authorities and Italian companies preferred to conclude agreements with US partners. The forms of Italian–French cooperation within EUREKA were far less important than the agreements reached by Italian firms with US counterparts in the case of SDI. The Italians had also rejected involvement in the large-scale Airbus project, preferring agreements with the US corporation Boeing.⁵⁰ Nevertheless, until the late 1980s, Italy's positive economic performance and the brilliant image offered by both the Italian

⁴⁹Ibid., 353–374.

⁵⁰See the interesting records in Centre Archives Diplomatiques de Nantes (hereafter CADN), Rome Embassy 579PO/4 (Rome Embassy 1981–1992), boxes nos. 50 and 53.

economy and its society were able to conceal its limited political achievements on the European Community scene.⁵¹

THE ANDREOTTI GOVERNMENTS: LAST AMBITIONS AND FINAL FAILURE

In 1987, mainly due to growing tensions between the Socialists and the Christian Democrats, Craxi was compelled to resign. This led to an uneasy period in domestic policy, with three different cabinets in two years and a general election. Finally, in summer 1989, an agreement between Craxi and the moderate sectors of the Christian Democrats led by Andreotti and Arnaldo Forlani paved the way for confirmation of the five-party coalition and the appointment of a new government led by Andreotti, with Gianni De Michelis, a flamboyant 'rising star' in the Socialist party, as foreign minister. The new cabinet was faced with radical changes in the international situation, especially as far as Europe was concerned, as Gorbachev's 'perestroika' and 'glasnost' were leading to a crisis of the old communist system.

De Michelis, who was a Venetian and focused most of his attention on north-east Italy, thought that the country had a chance of strengthening a traditional aspect of its foreign policy, to which the Cold War had put to an end—that is, Italy's aspiration to exert its political and economic influence in Central and South-Eastern Europe. In a few months, he had launched the so-called 'Adriatic initiative', aimed at strengthening cooperation with Yugoslavia and perhaps also Albania. A second project led to the setting up of the '*Quadrangolare*', a form of political, economic and cultural cooperation among Italy, Austria, Yugoslavia and Hungary. In a few years, the '*Quadrangolare*' was to be transformed into the '*Esagonale*' with the addition of Czechoslovakia and Poland. In particular, as far as Yugoslavia was concerned, the Italians were already very worried about the confederation's internal situation and hoped that both the 'Adriatic initiative' and the '*Quadrangolare*' would turn out to be a kind of bridge between Belgrade and the EC, and an instrument capable of stabilising the Balkan area.⁵² These plans, however, were partially

⁵¹ See Lomellini and Varsori, 'Italian Way of Life', 261–282.

⁵² Antonio Varsori, *Italy's Attempt at Integrating East-Central Europe in a New Continental Balance: An Early Response to the Crisis of the Communist Block (1989–1991)*,

superseded by sudden dramatic changes in the European situation: the fall of the Berlin wall, the 'velvet revolutions' in Eastern and Central Europe and, above all, the perspective of rapid German reunification.

The crisis of the German Democratic Republic and the definite possibility of a reunified Germany were perceived with some concern by Andreotti, whose feelings about Germany's future were not very far from those nurtured by Mitterrand and Thatcher. All three of these leaders had been adults during the Second World War and had had direct experience of Nazi Germany. Obviously, they were aware of the sound democratic basis characteristic of the Federal Republic, but they had always realised that the Cold War balance—and the partition of Germany—had guaranteed Europe's stability and forty years of peace in the 'old continent'. For his part, De Michelis hoped that Italy could be involved in negotiations leading to Germany's reunification. On the occasion of the Ottawa Atlantic Council, held in February 1990, the German foreign minister Hans-Dietrich Genscher discourteously reminded De Michelis that Italy 'was not part of the game', which involved only the two German governments and the four victorious great powers of the Second World War (the USA, Britain, the Soviet Union and France). This was a dramatic awakening for Italy's ambitions, as in Bonn, as well as in the other major capitals, its role was perceived as one of a minor power. Both Andreotti and De Michelis were compelled to reassess Italy's policy towards German reunification, and it was within this context that Rome stated its support to rapid reunification on the basis of two conditions: the safeguarding of NATO, that is, a political and military US commitment to balance in Europe, and significant progress in European integration, that is, a reunified Germany committed to the European ideal.⁵³ Italy could profit by its chairmanship of the European Community, which started in July 1990, so that Andreotti's government launched its proposal for an IGC, to study the creation of a 'European Union'. On

in *Disintegration and Integration in East-Central Europe 1919/post 1989*, eds. Wilfried Loth and Nicolae Paun (Baden-Baden: Nomos Verlag, 2014): 293–304.

⁵³ Antonio Varsori, *L'Italia e la fine della guerra fredda*, 19–46; see the interesting documents in ILS, GAA, Germany, box no. 458, memorandum 'Il problema della riunificazione tedesca' by the Italian Foreign Ministry, February 1990; Europe box no. 382, memorandum 'La Comunità e l'unificazione tedesca. Nota d'intervento' by the Italian Foreign Ministry, April 1990.

one hand, although this initiative was harshly criticised by Thatcher and influential sectors of the British press, it was supported by Mitterrand, Kohl and the Delors Commission. On the other hand, the Italian government agreed on an IGC plan which would study the project for an Economic and Monetary Union, and it was within such a context that the creation of a European currency was proposed. The EMU project had in fact already been initiated; in 1990, Italy abolished all limitations to capital mobility and the lira joined the narrow currency band of the EMS, in spite of early signs of a slowing-down in the Italian economy.⁵⁴ However, the image enjoyed by Italy in the foreign media and some European diplomatic milieux was still a positive one.⁵⁵

The end of the Cold War and the new emerging international order were to have a sudden dramatic and negative impact on Italy's international position. In summer 1990, Saddam Hussein's Iraq invaded Kuwait, creating a serious international crisis. Italy's first reaction was one of open condemnation of Saddam's aggression, a position shared by the international community, the EC and the UN, although from the economic viewpoint the sanctions imposed on Baghdad seriously damaged Italy's substantial investments in Iraq. In addition, although the Italian government openly supported US policy and the 'Desert Shield' initiative, Andreotti's cabinet had to face a strong pacifist movement, mainly inspired by the Catholic milieu, in obvious contrast to the traditional link between the Catholic Church and the Christian Democrats. The campaign against 'the US war' in Iraq also gave the Communist party—now the *Partito Democratico di Sinistra*—renewed breathing space, as it was trying to dissociate itself from the failed experience of Soviet-style communism and wished to be accepted as a party of the 'European left'. Italy therefore tried to play down its participation in 'Desert Shield' and to limit its military commitment to a few jet fighters and Navy units. For his part, Andreotti always highlighted the role played by the UN and Italy's willingness to find a diplomatic solution to the crisis. Until the last minute, the Italian government hoped it would be possible to convince Saddam to abandon Kuwait, and Andreotti

⁵⁴Varsori, *L'Italia e la fine della guerra fredda*, 198–207.

⁵⁵See evaluations in CADN, 1981–1992, Rome Embassy, Box no. 59, memorandum no. 1947/EU, by Patrick Lamentini 'sous-direction Europe Meridionale' French Foreign Ministry 'Situation de l'économie italienne', 25 August 1990.

supported Soviet efforts to that end. When in February 1991 the USA launched its military operation 'Desert Storm', the Italian authorities adopted a low profile which, however, did not conceal all the weaknesses and contradictions of the country's policy, as confirmed by the poor performance of the few Italian jet fighters involved in the military operations. Last but not least, the Italian prime minister stated his support for a Soviet diplomatic initiative, which was ignored by the US administration.

The final quick victory achieved by the Western coalition led by Washington was a symbol of the minor, if not ineffectual, role the Italian authorities had played in the first post-Cold War conflict and the negative impact on Italy's relationship with the USA.⁵⁶ Another important negative consequence of the First Gulf War was the end of all Italian hopes of playing a role in solving the Israeli–Palestinian conflict. Italy had put its hopes in the legitimisation of the PLO and, by 1989, the authorities in Rome could boast that, owing to their efforts, the Palestinian organisation and Arafat had also openly stated their intention of renouncing terrorism against Israel. However, in the aftermath of the invasion of Kuwait, Arafat had sided with Saddam Hussein, who had tried, albeit to no avail, to transform the confrontation with the Western coalition into an Islamic 'holy war' and an opportunity to free the Palestinian territories occupied by Israel. The US military victory, the end of Soviet influence in the Middle East, and Arafat's political mistakes meant that, until long into the future, every actor in the Middle East looked to the USA as the only power which could find a solution to the Israeli–Palestinian question: Italy's role in the Mediterranean and Middle East was dramatically reduced.⁵⁷

While Italian public opinion was focusing on the Gulf War, the internal Yugoslav situation had worsened considerably: the two northern republics of Slovenia and Croatia were planning their declarations of independence, which were to lead to an open confrontation with Milosevic's Serbia and the Yugoslav Army. The Italian government was very much concerned, as it feared the outbreak of a civil war along its

⁵⁶Varsori, *L'Italia e la fine della guerra fredda*, 47–94.

⁵⁷Ibid., 115–120. It should be noted that the European Union would also be unable to play any substantial role in diplomatic efforts to solve the Israeli–Palestinian crisis; see Rory Miller, *Inglorious Disarray. Europe, Israel and the Palestinians since 1967* (London: Hurst & Co., 2011).

north-eastern border, which would involve not only a long period of chaos, but also massive waves of refugees. The Italian Foreign Ministry therefore made huge efforts, both bilaterally and multilaterally, and especially with the EC, to avoid an armed conflict and to preserve some form of Yugoslav confederation. However, this was a very cautious attitude, to say the least, towards the process of independence started by Slovenia and Croatia, in particular the recognition of independence by the international community. Italy's early foreign policy appeared to be successful, mainly owing to the efforts of De Michelis and Andreotti. However, it was becoming increasingly unpopular in Italian public opinion and the media, largely influenced as they had been by the 'velvet revolutions' of 1989, who perceived the process of independence as a contrast between the 'good', democratic, progressive pro-Western leaders of Slovenia and Croatia and the 'bad', authoritarian, Stalinist-oriented Serbian leadership. In addition, the Catholic world and the Vatican supported the two more northerly republics, thus creating further divisions within the Christian Democrat party, which had already undergone the contradictions of the Gulf War. Last but not least, in the European context, Germany and Austria were very much in favour of the independence of both Slovenia and Croatia. In early 1992, Italy was no longer able to face such domestic and international pressure and was obliged to bow to the unilateral decision by Berlin and Vienna for the immediate recognition of independence for the two republics. Nevertheless, re-assessment of Italy's policy *vis-à-vis* the Yugoslav crisis did not offer the Italian authorities the possibility of a prestigious diplomatic role in the civil war, which lasted until the end of the 1990s.⁵⁸

The attention paid to the Yugoslav crisis also impeded the development of a clear-cut policy towards the almost contemporaneous fall of Albania's communist regime and the implosion of that country, which meant that, in August 1991, thousands of Albanians landed on Italian soil. The pictures, published throughout Europe by the media, of the Albanian ship '*Vlora*' heavily overloaded, as well as the uncertain and often ineffectual response by the Italian authorities to such a humanitarian emergency, did not improve foreign evaluation of the

⁵⁸ Antonio Varsori, *L'Italia e la fine della guerra fredda* 121–158.

Italian authorities' capacity to face the challenges posed by the new post-Cold War world.⁵⁹

Nevertheless, it was the integration process itself which posed the greatest threat to Italy's international position. In 1991, the economic situation rapidly deteriorated: both foreign and domestic financial milieux began to wonder whether Italy would be able to comply with the regulations of the future EMU, and especially with the project of a single European currency. The main worries were the ever-increasing state deficit with which, despite many efforts, the Andreotti government appeared unable to cope, the ensuing weakness of the *lira*, and the serious obstacles to the real free market advocated by the EC, all caused by widespread political corruption and the influence exerted by the state—in fact by its political parties—in the Italian economy, from banking sectors and insurance companies, to some major industries. All these problems greatly influenced the EMU negotiations. The Italian delegation was led by the Italian treasury minister Guido Carli, a technocrat well respected both in Italy and abroad, and by the governor of the Bank of Italy, Carlo Azeglio Ciampi, a committed Europeanist; both men were confident in the positive outcome of the so-called 'external bond' to solve the country's economic problems. As in the case of Italy's joining the EMS, it was hoped that the prospect of Italy's respect for the strict EMU rules would compel a weak, ineffectual political class to take burdensome and unpopular economic policy decisions on the basis of an international commitment.

For their part, some of Italy's European partners and the European Commission feared that Italy would even become a serious obstacle to the creation of the EMU and the future European currency. They therefore envisaged a series of harsh conditions—the 'five Maastricht parameters'—with which every member state was obliged to comply if it wished to be included in the future single European currency. As regards Italian political class, some Christian Democrat leaders, in particular Andreotti and Cossiga, were aware of the economic risks linked to signing the future European Union project, but they hoped to have more time at their disposal, in order to redress the economic situation through cuts

⁵⁹ Antonio Varsori, *Italy and the End of Communism in Albania, 1989–1991*, *Cold War History* 12, no. 4 (2012): 615–635. In general, see also Luca Micheletta, *Diplomazia e democrazia. Il contributo dell'Italia alla transizione dell'Albania verso la libertà* (Soveria Mannelli: Rubbettino, 2013).

to public expenditure and large-scale privatisation of state-owned industries. In addition, Andreotti and the Italian Foreign Ministry focused their attention and energies on the political side of negotiations, as they thought that some achievements in this field would also favour Italy's interests in the economic area.⁶⁰ The traditional political class was unable to understand that the end of the Cold War was about to destroy old party loyalties, and millions of disenchanted moderate voters would no longer wish to accept the Christian Democrats, the Socialist party or other centre-left parties because, with the fall of the Berlin Wall and the end of the Soviet Union, a tangible communist threat no longer existed. Both the media and influential sectors of the business community clearly also understood that the Maastricht Treaty would be an opportunity for radical changes in economic and social systems, at the expense of political parties, which were perceived as corrupt and ineffectual. The obvious outcome of this mix of domestic motives and external constraints was to lead not only to '*Tangentopoli*' (a huge corruption scandal), but also to a serious economic and financial crisis and the collapse of the Italian party system.

As for Italy's international position, the economic, institutional and political crises of the 1990s weakened the country's international influence and compelled a new political class to make a painful re-assessment of its foreign policy goals. The European Union became the only important foreign policy arena in which Italy could play some role, but in that case foreign policy and domestic issues began to be inextricably intertwined, thus leading to further difficulties and contradictions. A new era, perhaps definitely less ambitious than in the past, was about to open for Italy's foreign policy.⁶¹

⁶⁰ Antonio Varsori, 'The Andreotti Governments and the Maastricht Treaty: Between European Hopes and Domestic Constraints', *Journal of European Integration History* 19, no. 1 (2013): 25–44.

⁶¹ See interesting evaluations in Emilio Diodato, *Tecnocrati e migranti. L'Italia e la politica estera dopo Maastricht* (Roma: Carocci, 2015).

PART II

Foreign Policy Goals and Economic
Ambitions

Mercantilism and Class Struggle: Italy in the International Economy, 1960–1990

Francesco Petrini

The unheralded economic crisis in Italy in 2008 and then its expansion brought a change of perception in the public debate about the country's economy and its prospects. Although in the past there had been no dearth of apologists of the virtues of the Italian model of 'industrial districts' and export-oriented small- and medium-sized enterprises, it is nowadays much more common to hear or read about the 'economic decline' of the country.

This attitude has also extended to academic literature. The Bank of Italy recently published a large volume, edited by Gianni Toniolo, on Italy's economic history from its unification (1861) to the present day, which will certainly become a milestone in the literature.¹ The work provides ample statistical evidence of the interruption, from the early 1990s onwards, of the century-long process of convergence of the Italian

¹Gianni Toniolo (ed.), *L'Italia e l'economia mondiale. Dall'Unità a oggi* (Venezia: Marsilio, 2013).

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economy towards the level of welfare of the most advanced countries. As regards the causes of this dismal performance, Toniolo's work presents a general interpretation which hinges on the inability of Italian society to adapt to the new conditions caused by the 'second wave of globalisation' after the 1970s. Emphasis is put on the burden of public debt, the inadequacy of the reforms of the country's economic and social institutions (privatisation, flexibility in the labour market, market liberalisation and deregulation) and the need for investment in education.

In this chapter, we describe some aspects of the same phenomenon but from a different viewpoint—one which discusses class interests and the conflicts among them. The focus is on the development of the Italian economy from 1945 to the 1990s, particularly between the 1963 crisis, which put an end to the 'economic miracle', and 1992, when the lira left the European Monetary System. It was a period of sustained and unprecedented growth for the Italian economy, during which Italy caught up with other advanced industrial economies. At the same time, it was in those years that we can find the roots of the problems which have afflicted the Italian economy over the last two decades.

ITALY'S ROAD TO MODERNISATION

In 1945, Italy's economy was in a dire state. The structural weaknesses of a poor country, with low levels of savings and incomes, with very few raw materials within its territory, and afflicted by a huge surplus of manpower, were all worsened by the destruction wrought by the Second World War. In these conditions, Italy's only asset appeared to be a vast reserve of hard-working, cheap manpower. In the spring of 1946, in a declaration before the Economic Commission of the Constituent Assembly, Vittorio Valletta, chief executive officer of Fiat, the largest and most politically influential private Italian company, stated:

In Italy the mechanical industry in general, and the automotive industry in particular, though they suffer from the deficiency of raw materials, can count on low labor costs, more than anywhere else and for decades: should

an improvement in living conditions occur, this will be general and the difference between us and the others will persist.²

The essential idea was to take advantage of the low level of salaries to conquer foreign markets. This view dominated the mental horizon of Italy's political-economic establishment during the years leading to the 'economic miracle' and persisted, *mutatis mutandis*, in the subsequent decades. Expansion into foreign markets appeared to be the only path to recovery: in light of the poverty of the vast majority of its population, which greatly limited the potential of the internal market, Italy had to find its space for growth abroad by taking advantage of the low cost of labour. Thus, on one hand, manpower costs had to stay low, to boost the competitiveness of Italian products on foreign markets. On the other hand, low purchasing power due to similarly low wage levels could only reinforce such a mercantilist effort. In other words, the 'mercantilist' stance produced, and was a product of, the perpetuation of a structural trait in Italy's economy—what Franco Bonelli has called the 'equilibrium of low consumption and low wages'.³ In this perspective, as explicitly stated in the Confindustria Bulletin of November 1945 (that is, during a period of rampant inflation): 'It is not a question of adjusting salaries to the cost of living, but the cost of living to salaries.'⁴ Ultimately, as noted by Giancarlo Provasi, the Italian industrial *bourgeoisie* envisaged a process of accumulation, based on containment of wages and workers' standard

²Ministero per la Costituente-Commissione economica, *Rapporto della Commissione economica, L'industria – Appendice alla Relazione (Interrogatori)* (Roma: Istituto Poligrafico dello Stato, 1946) 2:345–355. On the political economy of the Italian reconstruction from 1945 until the early 1960s, still illuminating is: Fernando Vianello, 'Lo sviluppo capitalistico italiano dal dopoguerra al "miracolo economico": una veduta di insieme', in *Il profitto e il potere*, ed. Fernando Vianello (Torino: Rosenberg & Sellier, 1979), 21–36. For a general overview of the characteristics of the socio-economic compromise which governed Italy's growth from 1945 to the 1960s, see Fabrizio Barca, 'Compromesso senza riforme nel capitalismo italiano', in *Storia del capitalismo italiano*, ed. Fabrizio Barca (Roma: Donzelli, 1997), 3–115.

³Franco Bonelli, 'Il capitalismo italiano. Linee generali di interpretazione', in *Storia d'Italia, Annali, I. Dal feudalesimo al capitalismo*, eds. Ruggiero Romano and Corrado Vivanti (Torino: Einaudi, 1978), 1193–1255.

⁴Cited in Massimo Legnani, 'L'utopia grande borghese', in Marcello Flores et al., *Gli anni della Costituente. Strategie dei governi e delle classi sociali* (Milano: Feltrinelli, 1983), 140.

of living, more than on the growth of productivity.⁵ In fact, the situation developed quite differently and productivity grew at an unprecedented pace during the ‘golden years’, but the bias against wage increases remained.

This position excluded the possibility of any kind of Keynesian-inspired policies of support to internal demand. As observed by Mariano D’Antonio, adopting expansive policies would have meant sacrificing the more backward sectors of the industrial system.⁶ Redistributive policies would also have put an end to the advantage of low labour costs and in general a redistribution of power between workers and employers—highly undesirable from the viewpoint of the latter.

Two points must be clarified here. First, we are not assuming an Italian *Sonderweg*: the ‘mercantilist’ anti-Keynesian attitude was by no means peculiar only to Italy. After 1945, it was widely shared in the capitalist world, first by Italy’s two former allies in the Second World War, although in different ways. The Federal Republic of Germany could be considered the prime example of a mercantilist stance in Europe as well as presenting, through the Ordoliberal school of thought, the clearest alternative to Keynesianism at the time. However, West Germany had a particular way of increasing international competitiveness: the key factor was to keep inflation low in a system of fixed exchange rates and thus achieve devaluation in real terms with respect to countries with higher inflation rates.⁷ Italy, under the guidance of its Central Bank, first

⁵Giancarlo Provasi, *Borghesia industriale e Democrazia cristiana. Sviluppo economico e mediazione politica dalla ricostruzione agli anni settanta* (Bari: De Donato, 1976), 16.

⁶Mariano D’Antonio, *Sviluppo e crisi del capitalismo italiano 1951–1972* (Bari: De Donato, 1973), 173–174.

⁷On Germany’s ‘monetary mercantilism’ see: Carl-Ludwig Holtfrerich, ‘Monetary Policy Under Fixed Exchange Rates (1948–70)’, in *Fifty Years of the Deutsche Mark: Central Bank and the Currency in Germany since 1948*, ed. Ernst Baltensperger (New York: Oxford University Press, 1999), 307–402; Carl-Ludwig Holtfrerich, ‘Monetary Policy in Germany Since 1948. National Tradition, International Best Practice or Ideology’, in *Central Banks as Economic Institutions*, ed. Jean Philippe Touffut, (Cheltenham, UK: Edward Elgar, 2008), 22–51. For an introduction to Ordoliberalism, stressing its characteristic ‘third way’ between *laissez-faire* and collectivism, see Werner Bonefeld, ‘Freedom and the Strong State: On German Ordoliberalism’, *New Political Economy* 17, no. 5 (2012), 633–656. See also: Ralf Ptak, ‘Neoliberalism in Germany: Revisiting the Ordoliberal Foundations of the Social Market Economy’, in *The Road From Mont Pélerin: The Making of The Neoliberal Thought Collective*, eds. Philip Mirowski and Dieter Plehwe (Cambridge, Harvard University Press, 2009), 98–138.

followed a similar strategy (in 1959, the lira was assigned an ‘Oscar’ by the *Financial Times* as the world’s most stable currency) but, being characterised by class relations much more conflict-prone than those prevailing in West Germany, it was ultimately obliged to follow a different path.

Second, the convergence around a mercantilist conception based on containment of labour costs did not reduce the many reasons for contrast within Italian capitalism. Thus, from Valletta’s viewpoint, in order to find space for deploying a Fordian-style mode of mass production, foreign markets were essential. Other well-known businessmen were not at all convinced of the applicability of mass production technologies to the Italian situation,⁸ mainly because they feared the social consequences,⁹ although they were in any case convinced of the desirability of greater Italian participation in international trade. This was for contingent reasons, as in the case of the textile industry, which aimed at profiting from the disappearance of German and Japanese competitors from the markets; and partly for political reasons, to conceal collaboration with the state-managed, autarchic system of the Fascist era, but it was mainly due to the conviction that a system of managed free trade could play to the advantage of low-cost Italian products.¹⁰

In addition, the anti-Keynesian mercantilist outlook was seen as the point of contact with another crucial component of the post-war social compromise: the technocratic *élite* at the helm of state-owned companies and the Bank of Italy, the country’s main decision-making centre for monetary and economic policy. It is true that there was a wide gap between the attitude of the state technocracy, whose ultimate aim was to strengthen and modernise Italy’s industrial base, and the position of Confindustria, which aimed at conserving power equilibria within

⁸For a brief overview of the Italian debate about adopting mass production, see Franco Amatori and Andrea Colli, *Impresa e industria in Italia. Dall’Unità a oggi* (Venezia: Marsilio, 2003), 198–200.

⁹For a clear description of these preoccupations, see Luigi Einaudi, ‘Economia di concorrenza e capitalismo storico. La terza via fra i secoli XVIII e XIX’, *Rivista di storia economica*, June 1942, 49–72.

¹⁰On private industrialists’ positions regarding Italy’s insertion in the international economy see, for example: Francesco Petrini, *Il liberismo a una dimensione. La Confindustria e l’integrazione europea 1947–1957* (Milano: Franco Angeli, 2005), Chap. 1; Francesco Petrini, ‘Americanismo e privatismo. La Confindustria e il piano Marshall’, *Ventesimo secolo*, no. 13 (2007): 117–151.

private capitalism and keeping workers at a safe distance. Yet, in practice, both positions saw in mercantilism and wage containment the recipe for reconstructing the Italian economy.¹¹ This appears clearly in *Appunto per un piano di ricostruzione economica dell'Italia* (Note for a plan of economic reconstruction of Italy), a document drawn up in 1944 by an anonymous executive of IRI (*Istituto per la Ricostruzione Industriale*, a holding which regrouped state-participating assets in the industry and banking sectors), which foreshadowed the lines of development to be followed in the years to come.¹² According to that document, Italy should aim at strengthening:

those visible and invisible accounts [manufacturing exports, migration, tourism] susceptible to give a real contribution to the balance of payments. Traditionally exporting sectors should have precedence in the reconstruction process.¹³

As regards internal demand, the *Appunto* advocated a 'strict national discipline' to contain internal consumption and favour the creation of savings, in order not to frustrate efforts at modernising the industrial apparatus: 'the compression of our consumption will have to continue for a long time'.¹⁴ In this view, as Rolf Petri points out, 'substantial wage increases and a growth in public spending to support consumption and social welfare had to be eschewed'.¹⁵ This was the technocrats' outlook in 1944; in the post-war period, although in milder tones, the substance did not change very much. Men like Donato Menichella, until 1960 the governor of the Bank of Italy, his successor Guido Carli, and other

¹¹On the viewpoint and role of Italian technocrats, see Rolf Petri, *Storia economica d'Italia. Dalla Grande guerra al miracolo economico (1918–1963)* (Bologna: il Mulino, 2002), 291 et seq.

¹²IRI Historical Archive (Rome), Numerazione nera, Archivio IRI 1943–1947, Appunti e relazioni varie, fasc. 81, Appunto per un piano di ricostruzione economica dell'Italia, 8 August 1944. For a thorough analysis of the origin and significance of the document, see Rolf Petri, *Dalla ricostruzione al miracolo economico*, in *Storia d'Italia V: La repubblica*, eds. Giovanni Sabbatucci and Vittorio Vidotto (Roma/Bari: Laterza, 1997), 313–439.

¹³IRI Historical Archive, Numerazione nera, Archivio IRI 1943–1947, Appunti e relazioni varie, fasc. 81, Appunto per un piano di ricostruzione economica dell'Italia, 8 August 1944, 6.

¹⁴*Ibid.*, 10.

¹⁵Rolf Petri, *Storia economica d'Italia*, 301.

members of the economic intelligentsia, such as Pasquale Saraceno and Ezio Vanoni, continued to advocate and practise a policy aimed at containing domestic consumption and imports, in order to encourage savings and create the resources for completion of industrialisation without borrowing from abroad.¹⁶ As Carli said: 'Our watchword was: export, export, export.'¹⁷

POLITICAL ASPECTS OF FULL EMPLOYMENT: THE END OF THE 'ECONOMIC MIRACLE'

It was on this basis that the extraordinary growth of the 1950s took place, climaxing in the 'economic miracle' at the end of that decade. One essential component of the 'miracle' was exports, which increased at a yearly rate of 12.5%.¹⁸ Private consumption grew at a more moderate, albeit considerable, 5.9% per year. Apparently the exceptional expansion of the 1950s had not affected the mercantilist model of development.

However, there was another interesting trend in those years—that of wage shares on industrial products. This passed from 62.7% in 1951 to 48.8% in 1962.¹⁹ In practice, the largest part of the huge increase in productivity which took place during the decade went to the benefit of profit. In the 1950s, the position of force enjoyed by employers in industrial relations prevented workers from acting effectively to contrast this trend. However, accelerated growth throughout the decade resulted in a reduction of the manpower surplus which, in turn, caused an increase in the bargaining power of industrial workers. In the early 1960s, the labour market had shrunk to the point at which, in industrial

¹⁶On the Central Bank policy under Menichella, see Alfredo Gigliobianco, *Via Nazionale. Banca d'Italia e classe dirigente. Cento anni di storia* (Roma: Donzelli, 2006), 217–248. On Saraceno and Vanoni see: Pasquale Saraceno, *Intervista sulla ricostruzione (1943–1953)*, ed. Lucio Villari (Bari: Laterza, 1977); Antonio Magliulo, 'La politica economica di Ezio Vanoni negli anni del centrismo', *Studi e Note di Economia*, no. 1 (2007): 77–114.

¹⁷Guido Carli, *Cinquant'anni di vita italiana* (Roma/Bari: Laterza, 1993), 140.

¹⁸For an overview of the debate on the role of exports in Italy's growth after 1945, cfr. Augusto Graziani, *Lo sviluppo dell'economia italiana. Dalla ricostruzione alla moneta europea* (Torino: Bollati Boringhieri, 2000), 56–65.

¹⁹Riccardo Bellofiore, *I lunghi anni settanta. Crisi sociale e integrazione economica internazionale, in Le radici della crisi. L'Italia tra gli anni '60 e '70*, ed. Luca Baldissara (Roma: Carocci, 2001), 57–102.

areas (mainly in north-west Italy) employers had trouble finding workers to fill existing positions. The official number of unemployed reached an historic all-time low of 780,000 in 1963.²⁰ As the Polish economist Michał Kalecki had written 20 years earlier, a condition of full employment would inevitably lead to deep social and political changes:

Indeed, under a regime of permanent full employment, the ‘sack’ would cease to play its role as a disciplinary measure. The social position of the boss would be undermined, and the self-assurance and class-consciousness of the working class would grow. Strikes for wage increases and improvements in conditions of work would create political tension.²¹

The shift in the balance of power in industrial relations did in fact lead to a sudden increase in conflict, marking a key passage in Italian history. Workers’ discontent exploded in a wave of strikes which rocked factories in the north-west. As a result, wages rose substantially: in two years, raises for employees grew by 43%.²² For the first time, they surpassed productivity growth and the wage share climbed back to 52% in 1963.

The tumultuous social change brought about by the ‘miracle’ was accompanied by a profound transformation in the political landscape. This was the period which saw the birth of a centre-left alliance between the Christian Democrat party (DC, the main governing force since the institution of the Republic in 1946) and the Socialist party (PSI). In 1963, this alliance led to the constitution of a government presided over by Aldo Moro of the DC, in which, for the first time since 1947, the PSI had ministers. The main aim of the new political coalition was to achieve reforms which were seen as the necessary complement of industrialisation. Important sectors of Italian society—in particular, the majority of private employers—viewed this development with alarm. In particular, they were deeply disturbed by the nationalisation of the electricity sector, decided by the government in 1962, which struck at the conservative heart of Italian private capitalism, and by the new withholding tax on stock dividends and discussion on a new town-planning bill which

²⁰See database AMECO, at: http://ec.europa.eu/economy_finance/ameco/user/serie/SelectSerie.cfm.

²¹Michał Kalecki, ‘Political Aspects of Full Employment’, *The Political Quarterly*, no. 4 (1943): 322–331.

²²Carli, *Cinquanta anni*, 268.

threatened the interests of the building industry and the vast class of *rentiers* and small proprietors. In general, they feared that the country was slipping towards a socialist, planned economy.²³

The conservative sectors of Italian society found their main political support in the right wing of the DC, the '*Dorotei*' faction, whose leading figure in economic matters, Emilio Colombo, was minister of the Treasury. These preoccupations, coupled with the worries of the Central Bank, were under Carli's guidance.

In fact, the immediate consequence of the workers' unrest had been soaring inflation. This was alimanted by employers' attempts to defend their profits, passing the increase in labour costs to prices. As Confindustria's weekly newsletter '*L'Organizzazione industriale*' put it: 'The transfer of the rise in costs to prices becomes inevitable under the pressure of the reduction of profit margins on which firms operate.'²⁴ Increased wages and rising inflation resulted in worsening of the trade balance, threatening the very core of the mercantilist strategy.²⁵ In addition, the profit squeeze resulting from the wage increase disrupted the Bank of Italy's strategy.

Since 1947, the Bank of Italy had successfully pursued a policy mix of monetary stability, balanced current accounts and non-inflationary growth. In order to achieve this growth, the key variable in the eyes of the Central Bank was profitability. Only adequately high profits (given the scarcity of endogenous credit) could ensure the investments necessary to absorb the chronic manpower surplus without recurring to foreign capital. Conversely, due to the fact that workers' marginal propensity to consume was higher than that of their employers', in the Bank's view, a wage rise would result in a greater demand for consumer goods, thus feeding inflation, higher imports and current account

²³Paul Ginsborg, *A History of Contemporary Italy* (London: Penguin, 1990), 264–273. As quoted by Ginsborg (265), on 4 January 1962 the Italian business newspaper *Il Sole 24 Ore* warned small and medium firms that they could be faced 'with a situation similar to that of their Czechoslovak, Hungarian, and Chinese colleagues around the year 1950'.

²⁴'Una più seria politica economica', *L'Organizzazione industriale*, no. 19, 9 May 1963.

²⁵In 1963, the external trade deficit exceeded \$1960 billion, or 3.7% of the GDP. The Banca d'Italia's currency reserves fell to 1700 billion lire from their peak of 2600 billion recorded in 1962. See Pierluigi Ciocca and Gianni Toniolo (eds.), *Storia economica d'Italia*, 2, *Annali* (Roma/Bari: Laterza, 1999) 402.

imbalances and, lastly, causing an arrest in growth.²⁶ Yet the centrality of profits in guaranteeing capital accumulation did not translate, in the Bank's policy, into a dogmatic concept. Its attitude had always been characterised by policy flexibility and theoretical eclecticism. So, in the period immediately before the 1962–63 inflationary crisis, it adopted an easy monetary policy to sustain the price increases which defended profit levels. In this regard, Carli is very clear in his memoirs:

The political motivation of monetary expansion, which we did not oppose, was this: to allow firms to transfer rising costs to prices, without having to squeeze their profit margins. [...] The essential aim was defence of private companies and capitalist industry, seriously jeopardised by excessive nationalisation by the centre-left [and by] the trade unions which, vehemently and often violently, claimed increasing portions of that 'surplus value' which, according to the prevailing ideology, was expropriated by the capitalists.²⁷

However, this policy could not long continue in the Bretton Woods system of semi-fixed exchange rates. In the light of the rapid deterioration of the Italian balance of payments, Italy's monetary and political authorities were faced with a choice: either to devalue the lira or to apply a strict deflationary policy. Devaluation of the lira encountered the opposition of the USA, concerned about the stability of the whole system, and of the European partners, threatened by the competitiveness of Italian exports. It was rejected by the Banca d'Italia itself, for reasons of prestige and credibility.²⁸ Thus, between the second half of 1963 and early 1964, the

²⁶For a discussion of this viewpoint, see Banca d'Italia, *Considerazioni finali 1963*, in Idem, *Considerazioni finali 1960–1981*, http://www.bancaditalia.it/chi-siamo/storia/governatori-direttori-general/CF_1960_1981.pdf (accessed on 13 January 2017), 111–149. For an analysis of this aspect of the Bank's conceptions, see Michele Fratianni and Franco Spinelli, *Storia monetaria d'Italia. Lira e politica monetaria dall'Unità all'Unione Europea* (Milano: ETAS, 2001), 448; Eugenio Gaiotti and Salvatore Rossi, *La politica monetaria italiana nella svolta degli anni Ottanta*, in *Gli anni Ottanta come storia*, eds. Simona Colarizi et al. (Soveria Mannelli: Rubbettino, 2004) 281–340; Alfredo Gigliobianco, *Via Nazionale. Banca d'Italia e classe dirigente. Cento anni di storia* (Roma: Donzelli, 2006), 282.

²⁷Carli, *Cinquanta anni*, 268–269.

²⁸Antimo Verde, 'La crisi della lira del 1963–64, una crisi senza svalutazione: perché?', *Studi e Note di Economia*, no. 1 (2002): 75–95. On the contrary views of the other EEC countries, especially France, see Paolo Peluffo, *Introduzione: 'Il cavallo non beve'. Dibattiti negli anni Sessanta su politica monetaria e programmazione economica*, in Guido Carli,

Bank reversed its policy of monetary expansion and applied a very restrictive one,²⁹ which, in conjunction with the fiscal measures taken by the government, more or less put an end to the ‘economic miracle’. This deflationary turn, which appeared to seal the fate of the reformist ambitions of the centre-left, was welcomed by employers, in spite of the fact that inflation and the easy monetary policy of the previous months had helped them to sustain its profitability. The employers’ press explicitly recalled, as an example to be repeated, the 1947 manoeuvre which had drastically curtailed post-war inflation—at the price, however, of a serious economic stall.³⁰ Confindustria deplored, as inadequate, the policies of planning and reforms supported by the socialists and the left of the Christian Democrat party, and pleaded for adoption of orthodox monetary and fiscal policies.³¹ Alberto De Stefani, Mussolini’s former minister of finance, wrote in the daily newspaper *Il Tempo*: ‘His [Carli’s] recent declarations showed a really reassuring bravery.’³²

It is important to stress the role played in these circumstances by the international context, the ‘*vincolo esterno*’ (external constraint) as it came to be called in the Italian debate. We have already mentioned the role of the Bretton Woods system, which represented an anchor for stabilising measures, in line with a long tradition of a rigid exchange rate as the ‘highly effective arm of the lever that was pressing on the wage level’,

Scritti scelti, eds. Paolo Peluffo and Federico Carli (Roma/Bari, Laterza, 2000), V-LIV, XIX.

²⁹The U-turn in monetary policy was announced by Carli in May 1963: Banca d’Italia, *Considerazioni finali 1962*, in Id., *Considerazioni finali 1960–1981*, 75–109, in particular, 106.

³⁰‘La stabilità monetaria. Il presupposto di ogni sviluppo economico’, *L’Organizzazione industriale*, no. 16, 18 April 1963. Particularly telling is the reference to 1947. At that time, as evidenced by Camillo Daneo (*La politica economica della ricostruzione 1945–1949* (Torino: Einaudi, 1975) 241), the industrialists were strongly in favour of the ‘linea Einaudi’ (Luigi Einaudi was the architect of the manoeuvre) which, from a financial viewpoint, was actually damaging them. However, for the first time after the end of the war, it gave them the opportunity to initiate a vast reduction of personnel.

³¹See, for example, the press communiqué issued after a meeting of the Confindustria governing body in June 1963, which demanded the return to ‘rigid economic and financial orthodoxy’ (*L’Organizzazione industriale*, ‘L’esigenza del ritorno all’ortodossia economica’, no. 26, 27 June 1963).

³²Paolo Peluffo, ‘*Il cavallo non beve*’, *op. cit.*, XXXIII–XXXIV.

as indicated by Karl Polanyi.³³ However, the 1963 crisis saw the *début* of another facet of the *vincolo esterno* which was to play a crucial role in Italian political economy in the subsequent decades: the European Economic Community. Within the Community, preoccupations about an inflationary ‘contagion’ were widespread, especially in the FRG, obliged to re-evaluate the deutschmark in 1961 and worrying about the influx of capital engendered by the weak lira.³⁴ The French also pressed for the adoption of more orthodox monetary policies by the Italians, anxious that possible devaluation of the lira would put more pressure on their already unbalanced trade relations with Italy.³⁵ In addition, France and the EEC Commission viewed the instability of the lira and the spectre of devaluation as a looming menace for the fledgling Common Agricultural Policy. It is by no chance that, in this phase, the Commission presented a project for coordinating national economic policies which in 1964 led to the birth of the Committee of Governors of Central Banks, the Budget Policy Committee and the Medium-term Economic Policy Committee.³⁶

It was on these bases that, in February 1964, the EEC Council, composed of the finance ministers, expressed its concern about the Italian situation.³⁷ Two months later, the Council recommended to Italy—and France—to take all necessary monetary and fiscal measures to curb inflation. In the case of Italy, it was explicitly stated that this aim would have

³³Karl Polanyi, *The Great Transformation* (Boston: Beacon Press, 2001), 238.

³⁴On the declarations of the German chancellor Ludwig Erhard, and his minister for the economy Kurt Schmücker, expressing worries about inflationary tension and demanding the institution of Community machinery to coordinate the fiscal policies of the member states (that is, to have some decision-making power in the policies of the more financially ‘undisciplined’ members), see ‘Tensione delle economie del Mec’ (*The Guardian*, 17 March 1964), *Orientamenti*, no. 453, 15 April 1964. See also Schmücker interviewed by Eugenio Scalfari, ‘Che si può fare per la lira’, *L’Espresso*, 19 July 1964. On the positions of the European partners and the role of the Commission, see Elena Cavalieri, *Il prestito della Cee all’Italia del 1964: storia di un aiuto mai concesso*, available online: http://www.sissco.it/download/attivita/paper_Cavalieri.pdf (accessed on 13 January 2017).

³⁵Peluffo, ‘*Il cavallo non beve*’, p. IX.

³⁶On this aspect of EEC institutional history, see Eric Bussière, *Les tentatives d’une politique économique et monétaire*, in *La Commission européenne 1958–1972. Histoire et mémoire d’une institution*, eds. Michel Dumoulin et al. (Brussels: Communautés Européennes, 2007), 405–424.

³⁷‘La situazione economica dell’Italia è la più inflazionata in seno al Mec’, *L’Organizzazione industriale*, no. 7, 13 February 1964.

to be reached by the second half of 1964, thus requiring a continuation of the restrictive monetary policy, even though current account balances were showing substantial improvements.³⁸

The deflationary front within the Italian political game welcomed and encouraged the external intervention, as it reinforced and legitimised such a position. The employers' press emphasised Community grievances and used them to present the deflationary manoeuvre as one of the duties of a good member of the EEC, while Colombo skilfully used it to press his case inside the government.³⁹ On 20 May 1964, Prime Minister Aldo Moro received a letter from the Chairman of the Commission, Walter Hallstein, in which the measures taken so far by the government were defined as 'insufficient' to avoid the risk of jeopardising the construction of the Common Market.⁴⁰ Hallstein suggested a number of measures, ranging from cuts in public expenditure and investments (which sounded a death knell for reformist ambitions), to increased taxes, and culminating in the suggestion to institute an income policy to control wage dynamics. To support these requests, on 18–19 June the Commission vicepresident Robert Marjolin went to Rome to meet the Italian authorities. His message was thus summed up by Pietro Nenni (secretary of the Socialist party and vicechairman of the Council of Ministers) in his diary: 'Tax incomes mercilessly and contain wages'.⁴¹

³⁸Partly thanks to the \$1,275 million line of credit obtained (from various sources) in March through the good offices of the US administration. Cfr. Giorgio Fodor, 'I prestiti internazionali all'Italia nel 1964', in *Stabilità e sviluppo negli anni cinquanta, L'Italia nel contesto internazionale*, ed. Franco Cotula (Roma/Bari: Laterza, 2000), I:401–439.

³⁹In this passage, I refer to: Francesco Petrini, 'Grande mercato, bassi salari: la Confindustria e l'integrazione europea, 1947–1964', in *L'Italia nella costruzione europea. Un bilancio storico (1957–2007)*, eds. Piero Craveri and Antonio Varsori (Milano: Franco Angeli, 2009), 233–258.

⁴⁰See text of letter in Mimmo Franzinelli and Alessandro Giacone (eds.), *Il riformismo alla prova. Il primo governo Moro nei documenti e nelle parole dei protagonisti (ottobre 1963–agosto 1964)* (Milano: Feltrinelli, 2012), 359–363, Doc. 346, *Lettera del presidente della Commissione della CEE Hallstein a S.E. il presidente del Consiglio Aldo Moro*, 20 May 1964.

⁴¹Franzinelli and Giacone (eds.), *Il riformismo alla prova*, 430, Doc. 414. *Diario di Nenni*, 19 June 1964. Cavalieri shows that Marjolin, with a 'very questionable choice', decided not to consider a report prepared by a Commission expert, which showed that Italy was by now out of the crisis (Cavalieri, *Il prestito Cee all'Italia*, 10).

Confindustria's press gave prominence to the talks, to emphasise the government's difficulties and to strengthen opposition to reforms:

Marjolin's mission has made clear the EEC's position of extreme anxiety about an Italian economy which has reached breaking point, due both to the inadequacy of the counter-cyclical measures taken hitherto and to internecine struggles inside the government which prevent the adoption of serious and vigorous measures.⁴²

Eventually, the progressive forces within the government found themselves isolated and were obliged to accept the deflationary measures. The already divided government foundered and Moro resigned. Years later, in 1978, in a memoir written while he was a prisoner in the hands of the 'Red Brigades' extremist group, he described EEC interference in Italian affairs through Marjolin's visit as 'a grave fact'.⁴³

The restrictive manoeuvre achieved its objectives. Inflation returned under control. The abrupt slowing-down of the economy caused a surge in unemployment—the number of jobless returned to over a million—but order was restored on the factory floor. With labour costs again under control, the previous conditions of capital accumulation were also restored. From 1966, the GDP had been rising again at a very sustained pace. But this growth had a very different quality from that of the 'miracle' years: it began—to use Riccardo Bellofiore's words—a phase of 'accumulation without investments'.⁴⁴ Capitalists reacted to the social turmoil of the early part of the decade with a 'strike' in investments, preferring to transfer capital abroad, legally or illegally.⁴⁵ Thus, growth became even more dependent on exports. The gains in productivity,

⁴²'Il riequilibrio dell'economia italiana nel quadro del Mec', *L'Organizzazione industriale*, no. 26, 25 June 1964.

⁴³This quotation comes from Moro's memoirs, published in Sergio Flamigni, *Il mio sangue ricadrà su di loro. Gli scritti di Aldo Moro prigioniero delle Br* (Milano: Kaos Edizioni, 1998) 221–226. It should be added that, in January 1968, in a speech to parliament, Moro said the opposite, defining Marjolin's visit as 'the most discreet, constructive, respectful one could imagine' (Miguel Gotor, *Il memoriale della Repubblica* (Torino: Einaudi, 2011), 513–551).

⁴⁴Riccardo Bellofiore et al., 'Il presente come storia. Un incontro su Paul Sweezy', *L'ospite ingrato*, no. 1 (2005): 197–236.

⁴⁵Michele Salvati, *Economia e politica in Italia dal dopoguerra ad oggi* (Milano: Garzanti, 1986), 89–97.

necessary to maintain the competitiveness of Italian manufactured goods on international markets, were achieved with reduced manpower and accelerated production lines.⁴⁶

In sum, the 1964 crisis marked a pivotal change in Italian history: in response to the exposure of the contradictions of the 'economic miracle', the country's establishment decided to remain on the path of 'low consumption–low salaries–export push', rather than accept the new realities brought about by modernisation, and to accommodate workers' demands with a move to more internally oriented growth and efforts towards higher value-added production.⁴⁷

THE 1970s: INFLATION AND DEVALUATION

At the end of the 1960s, when the labour market approached again a situation of full employment,⁴⁸ industrial workers' discontent with their poor job conditions exploded again, setting in motion a cycle of industrial conflict which was to last until the end of the 1970s. The workers won significant advances in terms of wages, as in the early 1960s, but this time also in terms of increased control over production processes, directly questioning power hierarchies on the factory floor.⁴⁹

⁴⁶Graziani, *Lo sviluppo dell'economia italiana*, 86–89; Guido Crainz, *Il Paese mancato* (Roma: Donzelli, 2005), 57–64.

⁴⁷This point is developed in Francesco Petrini, 'Vincolo esterno e lotte sociali: gli industriali italiani e la fine dell'età dell'oro', in *Fra mercato comune e globalizzazione. Le forze sociali europee e la fine dell'età dell'oro*, eds. Ilaria Del Biondo, Lorenzo Mechi and Francesco Petrini (Milano: Franco Angeli, 2010), 15–44. On Italy's industrial 'de-specialisation' during the 1960s, see Matteo Gomellini, 'Il commercio estero dell'Italia negli anni sessanta: specializzazione internazionale e tecnologia', in *Quaderni dell'Ufficio ricerche storiche*, Banca d'Italia, no. 7, 2004.

⁴⁸More precisely, in the late 1960 s, the Italian labour market was not in a situation of full employment, but the growing Taylorisation of the work process had paradoxically led to an increase in workers' control over production lines. In addition, the rise in the cost of living in towns and higher levels of education had prevented the creation of an effective 'industrial reserve army'. See Massimo Paci, *Mercato del lavoro e classi sociali in Italia* (Bologna: il Mulino, 1973), Chap. 8.

⁴⁹This point was evidenced by Carli: '[The unions] aimed not only, and even not so much, for purely wage claims, but for the rigidity of the labour force. This was the crucial point of that clash: to exonerate the workforce from the operation of market mechanisms, from the ups and downs of the economy and from the autonomous decisions of the employers' (Guido Carli, *Intervista sul capitalismo italiano* (Torino: Bollati Boringhieri, 2008), 64.

Again, as in the early 1960s, the immediate consequence of the worsened social conflict was an upsurge in inflation, in an attempt to alleviate the profit squeeze which had followed the workers' victories. The great difference with respect to 1963 was that the ensuing deflationary move, carried out in 1970 by the Bank of Italy, still under the guidance of Carli, in collaboration with a centre-right government presided by Emilio Colombo, did not work. This time, deflation did not bring back order to the shop floor, stopping wage increases and thus restoring external competitiveness.⁵⁰ The reason for this different outcome mainly lay in the increased strength of the trade unions. In the early 1960s, the unions were divided and still suffering from the defeats and political isolation of the preceding decade, whereas in the early 1970s, although initially taken by surprise by the workers' protests, organised by unskilled, non-unionised workers, they were ready to overcome their political divisions and to embrace the radical democratising momentum arising from the rank and file.⁵¹ As a result, they were now much more entrenched in the factories and could thus resist attempts at normalisation, but were less disposed to compromise with their employers. In addition, international conditions were not favourable to a repetition of the 'deflation in one country' move. The other major industrial countries, the markets for Italian exports, were slowing in growth and the international environment had become much more competitive than a decade earlier.⁵² Another crucial difference was the international mood. This time, the Italian situation was suffering from a general crisis of the advanced capitalist world, engendered by horizontal and/or vertical conflicts, that is, by competition among the main capitalist areas,⁵³ and/or the clash

⁵⁰See Carli's gloomy considerations in *ibid.*: 'At that time, I had the feeling that we had definitely entered a system we could define as a *labour standard*, that is, a system in which wages were the independent variable.'

⁵¹Robert J. Flanagan, David. W. Soskice and Lloyd Ulman, *Unionism, Stabilization, and Incomes Policies. European Experience* (Washington: The Brookings Institution, 1983), Chap. 9.

⁵²Michele Salvati, 'The Italian Inflation', in *The Politics of Inflation and Economic Stagnation: Theoretical Approaches and International Case Studies*, eds. Leon N. Lindberg and Charles S. Maier (Washington: The Brookings Institution, 1985), 509–563.

⁵³Robert Brenner, 'The Economics of Global Turbulence. Uneven Development and the Long Downturn: the Advanced Capitalist Economies from Boom to Stagnation, 1950–1998', *New Left Review*, 1/229 (1998): 1–265.

between employers and workers.⁵⁴ The immediate expression of this crisis was the dismantling, in the early 1970s, of the Bretton Woods system. For Italy, this meant that, although in 1963–64 the pressures deriving from the need to defend the external parity of the lira had played a crucial role in legitimising the deflationary manoeuvre, in the new ‘free-for-all’ climate of the early 1970s, the *vincolo esterno* no longer worked. The disorientation of the Italian economic establishment clearly emerged in the words of the chairman of Assolombarda (the employers’ association regrouping firms operating in Lombardy, the industrial heart of the country): ‘In practice, the mechanism of accumulation that characterised the Italian economy in the 1950s and 1960s seems to have stalled, and we have not yet found the way to restart it.’⁵⁵

In their search for a way out of their predicament, Italian employers supported attempts to revive a system of rigid exchange rates on a European basis, not only as a way of insulating the Common Market from the repercussions of the international financial turmoil, but also in the hope of restoring external constraints on wage levels. In this regard, it is significant that, in March 1972, on the occasion of the launching of the ‘European Monetary Snake’ (the joint floating exchange rate system of the EEC countries), a number of articles in *Confindustria*’s daily newspaper pleaded for the adoption of a common wage policy as an indispensable complement to the monetary measures.⁵⁶ But hopes of reviving the ‘lever pressing on the wage level’ soon came into conflict with the modest results achieved by attempts at macro-economic coordination of the EEC countries.⁵⁷

Since the newly acquired force of the trade unions and the turmoil into which international monetary relations were mired were against

⁵⁴Philip Armstrong, Andrew Glyn and John Harrison, *Capitalism Since 1945* (Oxford: Blackwell, 1991), 169–207. For an interpretation of the crisis which combines the horizontal and vertical conflicts within the context of the decline in US hegemony, see Giovanni Arrighi, *Adam Smith in Beijing: Lineages of the 21st Century* (London: Verso, 2009), 116–39.

⁵⁵Giuseppe Pellicanò, ‘Riflessi della situazione internazionale sull’industria italiana’, *Mondo Economico*, 5 February 1972, 49.

⁵⁶See, for example, Lo squilibrio nello squilibrio (le strutture salariali nella Cee), *Il Sole 24 Ore*, 18 March 1972; ‘Assemblea dell’Assolombarda’, Milan, April 6 1972, Relazione del presidente G. Pellicanò, *Mondo Economico*, 15 April 1972.

⁵⁷‘Risultati modesti’, *Il Sole 24 Ore*, 2 November 1972.

any resort to deflation as a way of countering wage pressures, price hikes were the only means left to defend profits. As a result, inflation escalated, partly alimented by the steep rise in the prices of raw materials and labour costs after the ‘pay explosion’: in 1971–72, Italy’s inflation rate, although accelerating, was around 5%, lower than Germany’s; in 1973, it soared to 10.8%.⁵⁸ Consequently, concern was expressed about the loss of competitiveness that the pegging of the lira to the deutschmark through the Snake, together with increases in the cost of labour, had caused for Italian exports. For example, commenting on the Smithsonian Agreement which briefly revived the Bretton Woods system, Confindustria’s newspaper *Il Sole 24 Ore* clearly perceived the need for devaluation:

At the political level, the need for a restoration of the business margins will arise. This can be achieved through a substantial devaluation [...]. Italian workers have to understand that it is not possible to increase the real value of wages by 20–30% in one year and then not accept a devaluation.⁵⁹

The monetary storm of early 1973 led to the lira abandoning the Snake and floating free—a prelude to a series of sharp devaluations which allowed the Italian economic system to withstand the impact of high rates of domestic inflation. As commented by the influential weekly magazine *Mondo Economico*: ‘The European Monetary Snake is an intolerable straitjacket for economies that go each on its way.’⁶⁰

The final demise of the Bretton Woods world of virtually fixed exchange rates and the passage to floating rates meant that devaluation could be used to over-compensate internal inflation, thus boosting exports and maintaining acceptable profit levels. Overall, in the period 1973–80, the lira exchange rate recorded a fall of 54.6%, with an average yearly devaluation of 9%.⁶¹ The lira’s real effective exchange rate, deflated by unit labour cost, fell by 20%.⁶² (See Fig. 6.1.)

⁵⁸ ISTAT, Serie storiche, http://seriestoriche.istat.it/fileadmin/documenti/Tavola_21.8.xls (accessed on 13 January 2017).

⁵⁹ ‘Quale è il costo dei cambi fissi?’, *Il Sole 24 Ore*, 5 January 1972.

⁶⁰ ‘Unione monetaria. Una politica da riformulare’, *Mondo economico*, 24 February 1973, 13.

⁶¹ Ciocca and Toniolo, *Storia economica d’Italia*, 442.

⁶² Gaiotti and Rossi, *La politica monetaria italiana*, 316.

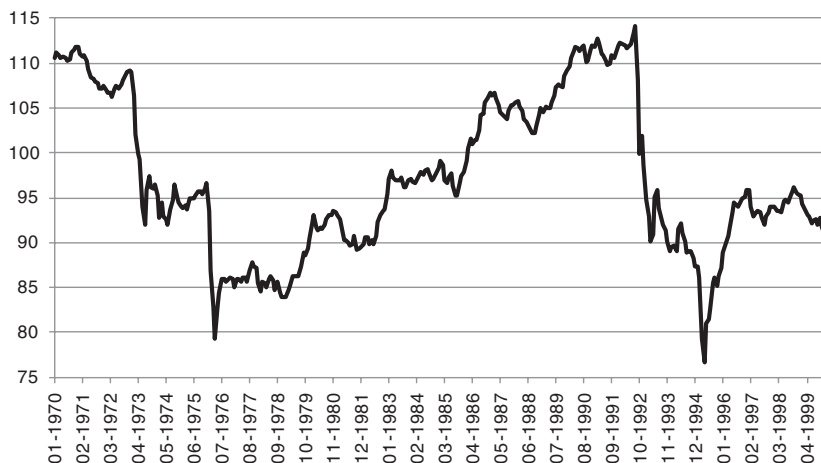


Fig. 6.1 Lira, real effective exchange rates, 1970–1999, based on CPI, monthly averages; 2010 = 100. *Source* Bank of International Settlements

The devaluation of the lira turned out to be quite effective in terms of GDP growth and defence of profits. In 1973–74, the economy grew at rates similar to those of the ‘economic miracle’, with an average yearly GDP growth (in real terms) of 6.3%.⁶³ However, the sudden rise in imports produced by the booming economy, the ‘skyrocketing’ of the cost of imported energy due to the oil shock, and worsening of terms of trade caused a drastic worsening in the balance of payments. During 1974, the government was therefore forced to ask for international financial assistance.⁶⁴ In return, it pledged to contain inflation. The Central Bank and the government implemented a very restrictive fiscal and monetary manoeuvre.⁶⁵ The result was a slump in 1975, when

⁶³Ciocca and Toniolo, *Storia economica d’Italia*, 443.

⁶⁴In April, Italy received from the IMF a stand-by credit line of up to 1 billion Special Drawing Rights. In August, the German Bundesbank granted a loan of \$2 billion, taking as collateral the gold reserves of the Bank of Italy. Lastly, in December, the EEC conceded a loan of \$1.4 billion.

⁶⁵In implementing their restrictive policy, the Italian authorities ended up being *plus royaliste que le roi*, applying measures much harsher than those recommended by the IMF; see Luigi Spaventa, ‘Two Letters of Intent: External Crises and Stabilization Policy, Italy

for the first time since the end of the Second World War, GDP growth became negative, while inflation continued unabated. Once again, in a situation characterised by international instability and a strong labour force at home, deflationary measures failed to restore profitability.

The difficult conditions prevailing in the Italian economy led to a new sharp devaluation of the lira early in 1976. Exploiting the different courses of the US dollar and the German mark, the Italian monetary authorities adopted a policy of 'asymmetric' or 'differentiated' devaluation, allowing the lira to lose value against the mark (to the benefit of a vast range of exports) and to devalue to a lesser extent or even revalue against the dollar (to the benefit of many imports). The economy reverted to growth. As Ciocca and Toniolo write: 'In Italy, 1976 marked a real boom of the economy, with a real GDP growth of 6.2% and an increase of industrial production greater than 12% (a rate never again reached).'⁶⁶ This opened a five-year spell of sustained GDP growth—on average 4.7% between 1976 and 1980—analogue to Japan's and higher than that of Italy's European partners. It was, once again, export-led growth. However, although between 1964 and 1972 expansion of exports was founded on the gains in productivity obtained by greater exploitation of the workforce, after 1973 the key factors became devaluation and transfer of resources from employees to enterprises. In effect, the operation of a massive fiscal drag, that is, an increase in workers' tax burden due to nominal wage rises, allowed a system of generous subsidies to enterprises to be financed (mainly through cuts in social security contributions paid by employers and passed on to the state).⁶⁷ As pointed out by Francesco Giavazzi and Luigi Spaventa: 'There was in short a redistribution from wages to industrial profits by means of an increased taxation of labour incomes induced by inflation rather than legislated by Parliament.'⁶⁸

1973–1977', in IMF Conditionality, ed. John Williamson (Washington: Institute for International Economics, 1983), 441–473.

⁶⁶Ciocca and Toniolo, *Storia economica d'Italia*, 457.

⁶⁷'Fiscal drag was responsible for an almost nine-point rise in the tax burden of industrial workers between 1974 and 1980, only a fraction of which was offset by discretionary measures of opposite sign'. (Francesco Giavazzi and Luigi Spaventa, 'Italy: the Real Effects of Inflation and Disinflation', *Economic Policy*, no. 8 (1989): 133–171, 147).

⁶⁸*Ibid.*

On a more structural plan, the manufacturing sector underwent deep restructuring, aimed at containing labour costs, which had tripled since 1969. First and foremost, production outside the large Ford-style factories was decentralised. Entire production lines were moved from large plants to smaller firms. This development was part of a more general trend of the whole capitalist world, which slowed down and in some cases inverted the tendency, almost centennial, towards increased average dimensions of firms. In Italy, this phenomenon acquired a particular force. There is a vast literature on the reasons for this development, which traces it back to the history of the country and to its particular social and economic structure, or to technological change.⁶⁹ But it is certainly no coincidence that the movement towards the concentration of capital, which had been particularly strong in the second half of the 1960s, was abruptly reversed in the harsh climate of social conflict of the 1970s. As observed by Sebastiano Brusco, there was an inverse correlation between the intensity of employers' control over the workforce and the size of the plants.⁷⁰ In small firms, the workforce was generally less organised and often not unionised at all, and there was also ample recourse to black market labour, which had no equal in other major capitalist countries.

Secondly, the restructuring meant the geographical relocation of production, both inside and outside Italy. In April 1970, the country's largest private firm, Fiat, announced its decision to invest heavily in production facilities in the south of Italy, reversing a policy of investment which until then had been firmly anchored in Turin.⁷¹ Behind this decision there was certainly the lure of public funding for developing the *Mezzogiorno*, but also a search for new sources of labour, less highly organised and more docile, and a move from the large urban concentrations of the workforce towards smaller establishments placed in

⁶⁹See, for example, Franco Amatori, Matteo Bugamelli and Andrea Colli, 'Tecnologia, dimensione d'impresa e imprenditorialità', in *L'Italia e l'economia mondiale*, 631–671.

⁷⁰Sebastiano Brusco, 'Organizzazione del lavoro e decentramento produttivo nel settore metalmeccanico', in *Piccole imprese e distretti industriali*, ed. Sebastiano Brusco (Torino: Rosenberg & Sellier, 1989), 113–117.

⁷¹Valerio Castronovo, *Fiat 1899–1999: un secolo di storia italiana* (Milano: Rizzoli, 1999), 1238; Giuseppe Berta, *Conflitto industriale e struttura d'impresa alla Fiat 1919–1979* (Bologna: il Mulino, 1998), 150–151.

predominantly agricultural areas.⁷² In the same period, Fiat strengthened its international presence with the opening or expansion of plants in Poland, Yugoslavia, Spain, Turkey, Brazil and Argentina. Thus, while in 1968 82.8% of vehicles of the Fiat group (subsidiaries, affiliates or licensors) were made in Italy, this percentage had fallen steadily to 58.9% by 1977.⁷³ At the same time—and this was the third aspect of the restructuring—the manufacturing sector underwent technological innovation which, while apparently opening to the demands of the labour movement for more humanisation of work and greater protection of health, actually aimed at saving labour and recovering flexibility in the use of manpower. Cesare Romiti, CEO of Fiat during these years, pithily summed up the sense of the technological change, with considerations that concerned Fiat but which could easily be extended to the entire industrial system:

You [the unions] have put such emphasis on this story about producing cars in a new way that Fiat itself has actually done it. In fact, it now comes first. It was so insistent about automation that it did achieve a new way of making cars, but with lower production costs—that is, not in the way you imagined.⁷⁴

In sum, thanks to a mix of devaluation, inflation, subsidies and large-scale restructuring of production, Italian capitalism, although under pressure from the workers' movement, managed to defend its profit levels to the extent that, in the second half of the 1970s, it recorded better performance than its European partners (See Fig. 6.2.).

However, in the absence of a coherent industrial policy, the restructuring of the manufacturing sector was left to the 'animal spirits' of Italian entrepreneurs and, contrary to the Bank of Italy's assumption of a direct link between profits and investments, the 1970s confirmed and strengthened the tendency of Italian industry to specialise at the medium-low end of the technological spectrum, with a decrease in the

⁷²Alberto Imazio and Carlo Costa, *L'organizzazione del lavoro alla Fiat. Produzione e conflittualità operaia* (Padova: Marsilio, 1975), 139–150.

⁷³Gioia Pescetto, 'Il settore dell'auto negli anni '60 e '70 e la strategia della Fiat', in *La ristrutturazione nell'auto e nei componenti e la posizione della Fiat*, Istituto Piemontese di Scienze Economiche e Sociali A. Gramsci (Turin, 1980), 22. According to Vincenzo Comito (*La Fiat tra crisi e ristrutturazione* (Roma: Editori Riuniti, 1982), 40–1), from the mid-1970s Fiat investments abroad became truly alternative to those in Italy.

⁷⁴Cesare Romiti and Giampaolo Pansa, *Questi anni alla FIAT* (Milan: Rizzoli, 1988), 89.

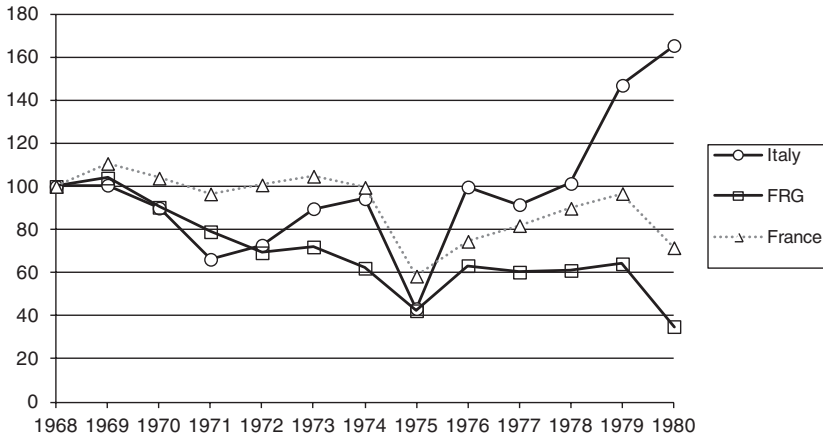


Fig. 6.2 Manufacturing net profit rate in Italy, France and the Federal Republic of Germany, 1968–1980, 1968 = 100. *Source* Paul Armstrong, Andrew Glyn and John Harrison, *Capitalism Since 1945* (Oxford, Blackwell, 1991) data appendix, Table A1, 352

amount of innovation of Italian manufactured goods.⁷⁵ The respite afforded by devaluation was not used as a springboard towards new patterns of specialisation, but as a bulwark to defend the mercantilist model based on containment of manpower costs.

THE 1980s: ITALIAN-STYLE STABILISATION

Although effective in defending profitability, recourse to the cycle of inflation/devaluation increased instability at home and irritation abroad.⁷⁶ Italy's trade partners did not agree with what they saw as unfair commercial practice by a member of the Common Market. German industry especially resented the competitiveness which the weak

⁷⁵Franca Falcone, *Commercio internazionale e integrazione europea. Aspetti teorici ed esperienza italiana* (Bologna: il Mulino, 1990), 247–361; on the 1970s, 261–263.

⁷⁶The word 'stabilisation' is used in this section in the sense Charles Maier gave it, that is, the 're-establishing [of] the overlapping hierarchies of power, wealth, and status that can be loosely termed "capitalist"' (Charles S. Maier, *In Search of Stability. Explorations in Historical Political Economy* (Cambridge: Cambridge University Press, 1987), 161).

lira gave to exports of Italian manufactured goods. In addition, towards the end of the 1980s, the changing international economic climate made it impossible for Italy—a relatively small country, deeply integrated in international markets—to continue a policy which was in direct contradiction to the ascendant monetarist creed, with its insistence on the containment of inflation as the supreme objective of economic policy. In the era of soaring US interest rates, ‘the highest since the birth of Jesus Christ’, as the German chancellor Helmut Schmidt put it in 1981, there was no more space for Italy’s differentiated devaluation.

At internal level, inflation seemed to intertwine with the political and social turmoil of years characterised by the advance of the left at local and national elections, violent confrontations in the streets between the neo-fascist right and the extra-parliamentarian left, and by the increasing activity of armed terrorist bands of both right and left tendencies. In this uneasy climate, and well aware of the geo-political constraints weighing on the country as a member of the Western bloc, at the beginning of the decade the main party of the left, the Italian Communist party (PCI), decided to follow a strategy of ‘national responsibility’, that is, to give up the prospects of a left-wing alternative and to seek an accord (the so-called ‘*compromesso storico*’, or historical compromise) with the Christian Democrats. In 1974, the ‘No’ vote in the referendum on the abolition of divorce marked the defeat of the right wing of the Christian Democrats, opening the way to the re-launching of the centre-left coalition and to the intricate manoeuvring which, later, would lead to the PCI entering the governmental sphere.⁷⁷ On the economic level, the February 1975 agreement between Confindustria and the trade unions on revising the wage index system (the *scala mobile*, sliding scale) had radically altered prospects. The new system, gradually entering into force by the end of 1977, guaranteed wages total, automatic and equal coverage against inflation. This, of course, made recourse to the inflation/devaluation mechanism useless as a means of defending profits because, in the end, it would have triggered a rise in labour costs through automatic

⁷⁷Franco De Felice, ‘Nazione e crisi: le linee di frattura’, in Francesco Barbagallo et al., *Storia dell’Italia Repubblicana. L’Italia nella crisi mondiale. L’ultimo ventennio* (Torino: Einaudi, 1996), III:7–127.

adjustment of wages, thwarting all the expected benefits for the competitiveness of exports.⁷⁸

Meanwhile, the rise in the cost of living and mounting unemployment (and also the evidence of a widening gap in rights and wage levels between workers employed by large industrial firms and those in small- and medium-sized ones) had weakened the trade unions and led them to reconsider their strategy. In January 1978, in an historic interview, the secretary general of the main union confederation—the communist/socialist CGIL—also speaking on behalf of the other confederations, signalled the trade unions’ willingness to accept a policy of moderation, and explicitly recognised that the idea of wages as an independent variable, which had been the central point in the trade unions’ strategy since 1969, had been a mistake. In order to reduce unemployment (which had now reached the figure of 1,600,000), the economy had to be revitalised: ‘I am convinced that capitalism is declining. By that, I don’t mean that it could not improve in the medium term. [It] is in order to reach this objective, and to use it to reduce unemployment, that we are asking the working class to accept a programme of sacrifices.’⁷⁹ A few days later, the large majority of almost 1500 delegates at the nation-wide conference of the Unitary Federation of Trade Unions pledged to accept containment in wage increases and greater flexibility in the use of labour, in exchange for an economic policy of investment to reduce unemployment.⁸⁰ Against this background, in March 1978 the PCI, for the first time since 1947, joined in a parliamentary majority with the Christian Democrats, although it did not have representatives in government. As it was, the Communists were thus directly involved in preparing the stabilisation plan presented by the minister of the Treasury, Filippo Maria Pandolfi, in August 1978. The plan’s final aims, which echoed the views of Confindustria’s proposal put forward in late 1977,⁸¹ were a sustained

⁷⁸This point was acknowledged by Carli in his first Annual Report as President of Confindustria, in July 1976: ‘La relazione all’Assemblea di Confindustria del 1976’, in *Guido Carli presidente di Confindustria 1976–1980*, ed. Paolo Savona (Torino: Bollati Boringhieri, 2008), 27–40.

⁷⁹*La Repubblica*, 24 January 1978.

⁸⁰Lorenzo Bertucelli, Adolfo Pepe and Maria Luisa Righi, *Il sindacato nella società industriale* (Rome: Ediesse, 2008), 261–282.

⁸¹See ‘L’Operazione sviluppo and Documento del 20 ottobre 1977 presentato al governo e alla federazione unitaria CGIL-CISL-UIL’, in *Guido Carli presidente di Confindustria*, 169–184.

rate of growth and an increase in employment levels, but these aims were in contradiction with the deflationary bias of the envisaged policies: cuts in public expenditure, no increase in real labour costs (and consequently stagnant real wages) and greater flexibility in the use of manpower (essentially: greater possibilities for lay-offs). Again, the only possibility of growth meant increasing exports. In this context, controlling inflation was essential, if the benefits of devaluation and containment of labour costs were to be reaped.⁸²

An essential contribution to the consolidation of the conservative anti-inflationary front came from the ‘*vincolo esterno*’. The nascent European Monetary System (EMS) was a challenge for Italy, meaning that the strategy followed until then inevitably had to be revised; at the same time, the anti-inflationary front saw in it an occasion for consolidation. The choice for Europe, in this case embodied by the EMS, was presented (as was to happen later) as the last chance to rescue a political and social system which seemed increasingly out of control. Participation in the EMS justified the stabilising measures envisaged by the Pandolfi plan—a sacrifice for the sake of the good cause of European integration, but also an unavoidable necessity, if Italy was to remain attached to the European train.⁸³ According to Carli, then chairman of Confindustria, the Italian entry into the EMS could stimulate ‘the acceleration of the agreement between the social and political forces on the [Pandolfi] plan and a firmer commitment to tighten the constraints that it imposes’.⁸⁴ As stated by the Christian Democrat senator Beniamino (Nino) Andreatta, one of Italy’s most influential economists, during the parliamentary debate on the EMS:

⁸²The text of the Pandolfi plan appears in Giangiacomo Nardozzi (ed.), *I difficili anni '70. I problemi della politica economica italiana 1973–79* (Milano: ETAS, 1980), 23–56. For an insightful analysis of the document, see Andrea Jovane and Paolo Guerrieri, *Le linee di politica economica per il rilancio dell'economia italiana: un'analisi critica*, in *La politica economica italiana degli anni '70. Un'analisi critica*, eds. Paolo Garonna et al. (Venezia: Marsilio, 1979), 79–104.

⁸³See, for example, the contributions of the businessman and Christian Democrat MP Francesco Merloni and Filippo Maria Pandolfi, in *La lira e lo scudo: la scommessa europea*, eds. Beniamino Andreatta et al. (Bologna: il Mulino, 1978) 103–111 and 123–138.

⁸⁴Guido Carli, ‘La partecipazione dell'Italia allo SME’, *Prospettive Settanta*, no. 4 (1978): 3–6.

We believe that anchoring our country to the European *écu* will give us a stable point of reference that can only be beneficial for the debate on the Pandolfi plan. In this perspective, the intolerability of an integral wage indexation becomes evident [...]. [We] have to aim high, to commit ourselves to a policy of stabilisation, even if such a policy implies sacrifices for the industrial worker, whose wage [...] has dwindled in real terms. But I believe that in the first phase of the adjustment it will be necessary to endure a real wage reduction of even 1–2%.⁸⁵

In spite of the opposition of both the Bank of Italy and the PCI, the government headed by Giulio Andreotti decided to follow the Schmidt–Giscard proposal. The Bank of Italy was doubtful about the asymmetric character of the new system and feared possible losses of reserves while trying to remain within the fluctuation band and the ultimate loss of credibility if the lira could not fulfil its commitments. This would strike a deadly blow at any strategy of stabilisation.⁸⁶ The asymmetric character of the exchange mechanism, which assigned the burden of adjustment to the debtor countries, and the lack of any real commitment in support of the weaker countries, induced the PCI and other voices on the left to criticise the predictable social effects of an agreement which appeared to be tailored to Germany's deflationary bias. Ultimately, the PCI voted against entry into the EMS, thus terminating its participation in the governmental majority.

However, the end of the Communist party's participation in the stabilising effort did not mean a return to the old pattern of industrial conflict. The PCI had not yet defined any clear alternative after the failure of the *compromesso storico*.⁸⁷ In addition, the thorough restructuring undergone by Italian industry and the worsening of the international economic climate, following the second oil shock and the monetarist turn in the USA and the UK, had irremediably weakened the unions' position. The change in the balance of power in industrial relations

⁸⁵ 'Intervention at the Senate of the Republic, December 7 1978', in *La Lira e lo scudo*, 141–156.

⁸⁶ Gigliobianco, *Via Nazionale*, 324–326.

⁸⁷ On the PCI positions in the 1970 s and immediately afterwards, see: Lucio Magri, *The Tailor of Ulm. Communism in the Twentieth Century* (London: Verso, 2011), 244–347; Leonardo Paggi and Massimo D'Angelillo, *I comunisti italiani e il riformismo. Un confronto con le socialdemocrazie europee* (Torino: Einaudi, 1986).

was clear-cut in autumn 1980, when the 'march of the 40,000' white-collar Fiat workers in Turin imposed the end of a 35-day sit-down strike at Fiat plants, against the announcement of 14,000 lay-offs by the management.⁸⁸ With the defeat of the unions at Fiat, the heart of Italian industry, a new season of industrial relations began, with a drastic decline in conflict and reaffirmation of employers' authority on the shop floor.

As evidenced by Roberto Gualtieri,⁸⁹ Italy's stabilisation after the turbulent 1970s followed a peculiar path, a sort of 'third way' between the conflictual stabilisation of Thatcherism and the consensual stabilisation of the neo-corporatist countries of Northern Europe.⁹⁰ After the collapse of the '*compromesso storico*', which could be equated to a neo-corporatist attempt to build a *Grosse Koalition* involving the trade unions in the disinflationary process, during the 1980s Italy achieved 'monetarist stabilisation', in which management of economic policy was taken over by the technocratic *élite* of the Bank of Italy, and politics was relegated to a 'residual role', that is, to guarantee the existence of a sufficiently broad and stable parliamentary majority, consistent as far as was possible with the necessities dictated by the policy of stabilisation.

In the aftermath of the second oil shock, inflation peaked in 1980, although two moves consolidated the new anti-inflationary course of Italy's macro-economic policy. One was the 'St. Valentine's decree' of 1984 by the government, with the assent of the non-communist trade unions, which reduced the wage index system in an attempt to break what was seen as a vicious circle between wage indexes and inflation. This measure, attacking one of the main union achievements of the 1970s, caused the collapse of the trade unions' unitary federation. The communist sections of the CGIL and the PCI called for a referendum against the measure. Their defeat in the polls one year later definitely marked the opening of a new epoch. The electorate had embraced the promises of growth which monetarist stabilisation seemed to reveal.

The other element consolidating the anti-inflationary attitude of Italian economic policies was the decision taken in July 1981 by the

⁸⁸ Ginsborg, *A History of Contemporary Italy*, 402–405.

⁸⁹ Roberto Gualtieri, 'L'impatto di Reagan. Politica ed economia nella crisi della prima repubblica, 1978–1992', in *Gli anni ottanta come storia*, 90–191.

⁹⁰ This dichotomy is taken from Michele Salvati, *Occasioni mancate. Economia e politica in Italia dagli anni '60 a oggi* (Rome/Bari: Laterza, 2000), 59–64.

minister of the Treasury, Nino Andreatta, in agreement with the governor of the Bank of Italy, Carlo A. Ciampi, to terminate the Bank's obligation, formally established in 1975,⁹¹ to buy all government bonds left unsold. The result of a simple exchange of letters between Andreatta and Ciampi, not submitted to parliament (an 'open plot', as stated later by Andreatta),⁹² the 'divorce' between the Treasury and the Bank gave the latter effective independence in managing monetary policy. The 'divorce' also had the effect of making the pursuit of a policy of high interest rates in order to entice investors into buying state bonds inevitable. The high interest rates also kept the lira within the EMS fluctuation band. The soaring interest rates were the main source of the steep rise in the public debt ratio, which rose from 59.5% in 1980 to 99.1% in 1990 (reaching 120% in the mid-1990s).⁹³ (See Fig. 6.3.)

In spite of lower prices, the diverging inflation rate with respect to the more 'virtuous' European countries remained significant, and this led to an increase in the exchange rate of the lira in real terms. The frequent re-alignments of the exchange rates which took place in the first phase of the EMS were not sufficient to compensate the inflationary spread. In addition, after the Basel-Nyborg agreement of 1987, the EMS in practice became a system of fixed exchange rates,⁹⁴ thus accentuating the problem of competitiveness for the Italian economy. The industrial system was forced to compete with countries (starting with the FRG, but

⁹¹Historical Archive of the Bank of Italy (Rome), Carte Baffi, Governatore Onorario, n.136, fasc.8, Verbale della 201 'Riunione del Comitato interministeriale per il credito ed il risparmio, tenuta il 21 marzo 1975', 26 June 1975.

⁹²Beniamino Andreatta, 'Il divorzio tra Tesoro e Bankitalia e la lite delle comari', *Il Sole 24 Ore*, 26 July 1991. The two letters exchanged between Andreatta and Ciampi to implement the 'divorce' appear in Beniamino Andreatta et al., *L'autonomia della politica monetaria. Il divorzio Tesoro-Banca d'Italia trent'anni dopo* (Bologna: il Mulino, 2011), 99–105.

⁹³Giuliano Garavini and Francesco Petrini, 'Il "divorzio" tra Tesoro e Banca d'Italia: il vincolo interno e le origini del problema del debito pubblico italiano', in *Al governo del cambiamento. L'Italia di Craxi tra rinnovamento e obiettivi mancati*, eds. Daniele Caviglia and Silvio Labbate (Soveria Mannelli: Rubbettino, 2014), 39–71.

⁹⁴For a careful overview of the EMS in the 1980s, see Andr  Sz sz, *The Road to European Monetary Union* (Basingstoke: Macmillan, 1999), Chap. 8.

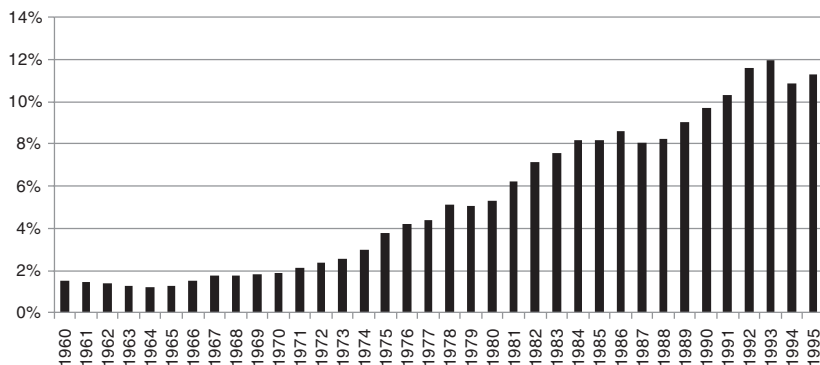


Fig. 6.3 Italian public debt, interest expenditure/GDP, 1960–1995. *Sources* Mario Arcelli and Stefano Micossi, ‘La politica economica negli anni Ottanta (e nei primi anni Novanta)’, in *Storia, economia e società in Italia 1947–1997*, ed. Mario Arcelli (Roma/Bari: Laterza, 1997), 263–322, Tab. 3, La sostenibilità del debito pubblico, 310–311; ISTAT, Conti economici nazionali, <http://serie-storiche.istat.it/> (last accessed 13 January 2017)

Table 6.1 Inflation differentials and nominal and real exchange rates of the lira, 1979–1991 (cumulated percentage variations)

	<i>Inflation differential</i>	<i>Nominal devaluation</i>	<i>Real appreciation</i>
Belgium	73.0	24.5	48.5
Denmark	50.5	32.7	17.8
France	43.8	11.3	32.5
Germany	92.3	51.4	40.9
Ireland	24.6	17.7	6.9
The Netherlands	92.6	46.8	45.8

Source Michele Fratianni and Franco Spinelli, *Storia monetaria d'Italia. Lira e politica monetaria dall'Unità all'Unione Europea* (Milano: ETAS, 2001), 489

also the Netherlands, France, Belgium and Denmark), whose currencies underwent a process of devaluation in real terms.⁹⁵ (See Table 6.1.)

The Bank of Italy, under its governor Ciampi, closely followed this policy of monetary discipline and strong currency, in the hope that it

⁹⁵Jan A. Kregel, ‘La politica del cambio della Banca d’Italia e la ristrutturazione dell’industria italiana, 1980–1985’, in *Il ruolo della Banca centrale nella recente evoluzione dell’economia italiana*, ed. Giangiacomo Nardozzi (Milano: Franco Angeli, 1993), 59–98.

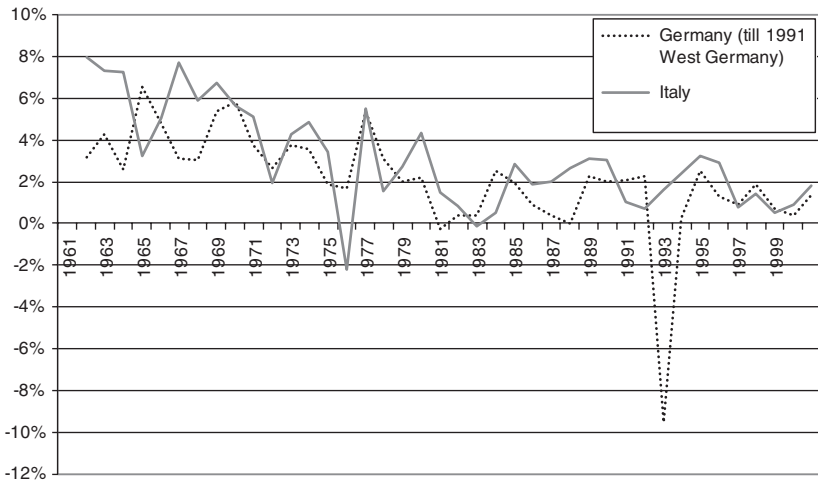


Fig. 6.4 GDP at 2005 market prices per person employed in Italy and the Federal Republic of Germany, yearly percentage change, 1961–1999. *Source* AMECO Database

would stimulate the Italian productive system to modernise and make a technological leap towards higher value-added production.⁹⁶ In fact, for the majority of Italian industry, this did not happen. Most Italian employers, now that deflation had restored order to the factories, preferred to remain on the path opened in the mid-1960s—low investments in new technology and reliance on the manpower cost differential. This, in an increasingly interconnected world, characterised by the rise of newly industrialised countries and by the entry into the labour market of huge masses of underpaid industrial workers, appeared to have been a losing bet. But this did not mean that Italian productivity lagged behind. In fact, as shown in Fig. 6.4, the productivity of Italian workers was not much lower than that of German workers. In some periods it was even higher—for instance, in the second halves of the 1960s and the 1980s.

⁹⁶Gianni Bonaiuti, 'Oltre il governo del credito: finalità e limiti nell'azione della Banca d'Italia negli anni Ottanta', in *Il ruolo della Banca centrale nella recente evoluzione dell'economia italiana*, ed. Giangiacomo Nardozzi (Milano, FrancoAngeli, 1993), 23–58; John B. Goodman, *Monetary Sovereignty. The Politics of Central Banking in Western Europe* (Ithaca: Cornell University Press, 1992), 158–167.

It is therefore evident that, in these years, the troubles of the Italian economy had less to do with the non-productivity of Italian workers than with the constraints imposed by entry into the EMS. In the second half of the 1980s, the increasing rigidity of the EMS, the weakness of the US dollar, which reduced possibilities of finding alternative outlets for Italian exports and, lastly, the 1990 decision to adopt the stricter fluctuation band of $\pm 2.25\%$ for the lira, further exacerbated the problem for the Italian economy.⁹⁷ Inflation, after having fallen to its lowest level in 1987, started to rise again, as a result of the increase of prices in the services sector and, paradoxically, of the capital influx caused by the newly acquired credibility of the lira and high interest rates.

CONCLUSION: THE DISAPPEARANCE OF THE 'INTERNAL CONSTRAINT'

When, in September 1992, the EMS collapsed under the weight of the policy of high interest rates adopted by the Bundesbank in order to cushion the inflationary effects of financing German reunification, the lira reacquired its freedom to fluctuate.⁹⁸ By April 1993, it had lost almost 30% with respect to the mark. Its exchange rate then stabilised around a level 25% lower than in the past,⁹⁹ allowing a sudden recovery in exports. But, again, the respite due to devaluation was not used to obviate the most evident weaknesses of the Italian industrial system. On the contrary, in July 1992, the agreement between Confindustria and the unions definitively ended the wage index system and, a year later, the new agreement on the cost of labour, which linked wage bargaining to the programmed rate of inflation,¹⁰⁰ definitely marked the end of the 'internal constraint' for the Italian productive system, with the disappearance of a strong labour movement capable of making employers follow a strategy

⁹⁷On the Italian economy in the 1980s, see Felice Roberto Pizzuti (ed.), *L'economia italiana dagli anni Settanta agli anni Novanta* (Milano: McGraw-Hill, 1994).

⁹⁸A good account of the September 1992 crisis can be found in Barry Eichengreen, *The European Economy since 1945* (Princeton: Princeton University Press, 2007), 357–366.

⁹⁹On Italian economic policy during these years, see the memoirs of the then minister of the Treasury, Piero Barucci, *L'isola Italiana del Tesoro. Ricordi di un naufragio evitato* (1992–1994), (Milano: Rizzoli, 1995).

¹⁰⁰Bertucelli, Pepe and Righi, *Il sindacato nella società industriale*, 354–355; see also Consiglio Nazionale dell'Economia e del Lavoro, Assemblea del 12/7/1994, 'Considerazioni ed indicazioni su 'Le relazioni sindacali in Italia'' (Roma: CNEL, 1994), 911–984.

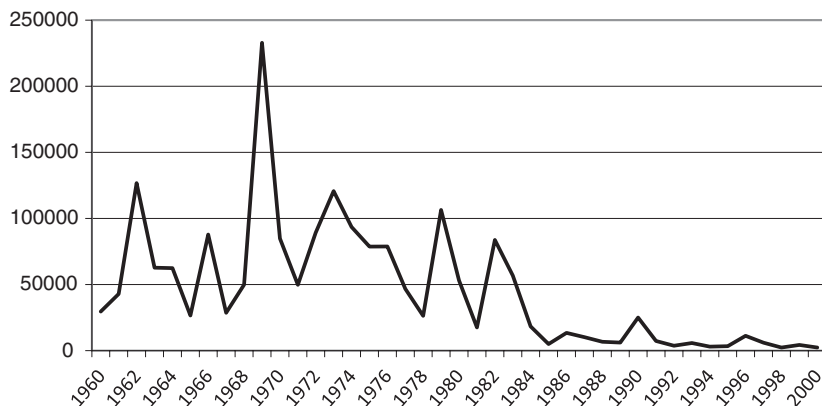


Fig. 6.5 The end of the ‘internal constraint’: Labour conflicts in Italy, hours lost in industry 1960–2000. *Source* Istat, http://seriestoriche.istat.it/fileadmin/allegati/Mercato_del_lavoro/Tavole/Tavola_10.22.xls. (last accessed 13 January 2017)

of growth different from pure containment of the cost of manpower.¹⁰¹ At the same time, the onset of a vast programme of privatisation, the largest ever achieved in an advanced capitalist country, carried out under the motto ‘Europe wants it!’, meant renouncing any possibility of industrial policy and economic planning and, in many cases, led to dismal results.¹⁰² (See Fig. 6.5.)

¹⁰¹I owe this idea of ‘internal constraint’ to Riccardo Bellofiore’s reconstruction of the thoughts of Claudio Napoleoni, http://www.treccani.it/enciclopedia/claudio-napoleoni_%28II-Contributo-italiano-alla-storia-del-Pensiero:-Economia%29/ (accessed on 13 January 2017) and to Alberto Bagnai, *Declino, produttività, flessibilità, euro: il mio primo maggio*, <http://goofynomics.blogspot.it/2013/05/declino-produttivita-flessibilita-euro.html> (accessed on 13 January 2017).

¹⁰²See the situation in the steel sector, in which all Italy’s major integrated mills (in Genova, Piombino and Taranto), after having been sold to private Italian groups in the 1990 s, have now been dismantled or are out of production; and in the telecommunications sector, in which Telecom Italia, the main offspring of privatisation in the 1990s, ended up heavily indebted and sold to foreign investors. On the 1990s’ privatisations, see Barbara Curli, ‘The “vincolo europeo”, Italian Privatization and the European Commission in the 1990s’, *Journal of European Integration History*, no. 2 (2012), 285–301; Gianluigi Da Rold, *Asalto alla diligenza. Il bottino delle privatizzazioni all’italiana* (Milano: Guerini e Associati, 2012).

The beginning of the process of entering the euro area, in the late 1990s, marked a return to the pattern of real appreciation of the currency and the deteriorated competitiveness of Italian products. As in the 1980s, and to an even greater extent, the dramatic weakening of the labour movement meant that strong external constraints did not spur the industrial system to evolve towards higher value-added productions. On the contrary: although remaining second in Europe for size, Italian industry over the last 20 years has experienced low levels of investments in new technologies and stagnant productivity,¹⁰³ flanking the decline in workers' relative shares of products and rights. In the 'good' years, these processes were somewhat alleviated by influxes of capital, the housing bubble (Italy has one of the world's highest rates of home ownership) and a relatively low level of unemployment, thanks to the creation of jobs in the services sector and, in the 1980s, to the counter-cyclical effect of expanding employment in the public sector and, later, the creation of a large number of temporary—and poorly paid—positions. But, when the crisis came, the asymmetries in the euro architecture emerged fully, exposing the failure of a whole model of development.

¹⁰³See data in Nicholas Craft and Marco Magnani, 'L'età dell'oro e la seconda globalizzazione', in *L'Italia e l'economia mondiale*, op. cit., 97–145, here 130–133.

From Interdependence to Unilateralism: Italy and the Evolution of Foreign Monetary Cooperation (1958–1973)

Daniele Caviglia

INTRODUCTION

This work postulates that, in the years after the Second World War, principles of cooperation and multilateralism shaped Italy's foreign economic policy, although many other Western countries fell into unilateralism.

Multilateralism was a radical change for Italy after the experience of the Fascist regime, which had advocated autarchy in order to secure national self-sufficiency and independence through protectionist and interventionist economic policies. This chapter examines the origins and evolution of this new collaborative approach, which Italy pursued in spite of a precarious transition to a more competitive and less supportive global scenario in the field of international economic relations. This change took place in the early 1970s, when Nixon's decision to close the 'gold window' marked the USA's refusal to match domestic economic policy and international monetary stability in a cooperative framework. Against this background, the Italian government tried to preserve

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monetary and financial interconnections among Western countries in a new era characterised by political instability, soaring oil prices and inflation. However, in the early 1970s, this collaborative attitude was suddenly jeopardised by the changing international scenario and by a severe economic and political crisis which drastically downplayed Italy's diplomatic role.

COOPERATION AT THE TOP

In the years after the Second World War, Italy enjoyed a long period of economic growth which paved the way to its development and modernisation. This prosperous background enhanced the perception that the international monetary system established at Bretton Woods in 1944 was fuelling Western economies by encouraging the expansion and balanced growth of international trade. According to the Bretton Woods agreements, world currencies were tied to the dollar which, in turn, was convertible into gold at \$35 per ounce. This new system was based on stable and adjustable exchange rates, since they were not permanently fixed but occasional devaluations of individual currencies were allowed to correct for any fundamental disequilibria in the balance of payments. By signing the Bretton Woods agreements, nations accepted submitting their internal exchange rates to international discipline, thus renouncing a significant part of their national sovereignty. This was the only way in which the new system could work efficiently in a multilateral, cooperative framework.

Soon after its creation, the new monetary order seemed to offer many advantages for all participating nations—to the extent that it became a cornerstone of Western countries' foreign policy in the context of the Cold War. While the Atlantic Pact ensured military protection and also spared Europeans exorbitant and potentially inflationary military expenditure, the Bretton Woods system provided a safe, profitable, economic framework. Therefore, the widespread perception that the international monetary system significantly contributed to further European recovery and transatlantic relations fostered a strong trend towards economic interdependence and financial cooperation among Europe's industrialised countries.

Consistent with this approach, Italy's diplomacy 'directly or indirectly' backed the dollar 'on a political level' and 'also on a strictly monetary

level',¹ since the pivotal role of US currency was deemed essential for a viable international monetary system. As the governor of the Bank of Italy, Guido Carli, pointed out: the dollar was 'an extremely rare currency used all over the world, since it could be converted into commodities in the vast US market'.² Thus, the defence of 'an efficient and until now irreplaceable international monetary system was not an act of generosity and unselfishness, but a policy of enlightened self-interest'.³ In fact, Italy repeatedly rejected any plan demanding radical changes in the Bretton Woods agreements. From the late 1950s, the country was able to reconcile a strong balance of payments surplus with the commitment to preserve the fixed exchange rate mechanism, mainly thanks to the constructive contribution of the Bank of Italy's management. This attitude turned out to be an asset when the international monetary system came under increasing stress in the early 1960s. At that time, a surplus of US dollars caused by foreign aid, military spending and foreign investment threatened the system, as Washington did not have enough gold to cover the volume of dollars in worldwide circulation at the rate of \$35 per ounce.

Against this background, the French president, Charles de Gaulle, began to criticise the whole monetary order from its foundations.⁴ According to de Gaulle, under the gold/dollar standard, the United States benefited from the extraordinary position of being the provider

¹ Archivio Centrale dello Stato (hereafter ACS), Carte Moro (hereafter CM), b. 35, sf. 2, Appunto del Ministero degli Affari Esteri, 'Il problema dell'oro e del dollaro', Roma, n.d., Visita dell'On. Presidente del Consiglio e dell'On. Min. degli Esteri a Washington (20–21 aprile 1965).

² 'Indirizzo di saluto del governatore della Banca d'Italia al Comitato Monetario della Cee', Roma, 28 October 1960, in Guido Carli, *Scritti e Conferenze (1959–1963)* (Roma: Banca d'Italia, 1969) I:48.

³ Archivio Storico della Banca d'Italia (hereafter ASBI), Direttorio Carli (hereafter Dc), c. 62, f. 1, sf. 10, Appunto di Carli per Tremelloni, Roma, 27 September 1962.

⁴ On de Gaulle's monetary policy, see Henri Bourguinat, 'Le général de Gaulle et la réforme du système monétaire international: la contestation manquée de l'hégémonie du dollar', in *De Gaulle et son siècle* (Institut Charles de Gaulle: Paris 1992), 90–103, Maurice Vaisse, *La grandeur. Politique étrangère de général de Gaulle 1958–1969* (Paris: Fayard, 1998), 396–407. For an account of Jacques Rueff's ascendancy over de Gaulle, see Christopher S. Chivvis, 'Charles de Gaulle, Jacques Rueff and French International Monetary Policy under Bretton Woods', *Journal of Contemporary History* 41, no. 4 (2006): 701–720.

of a currency which was held as official reserves, convertible into gold by central banks. This position enabled Washington to finance ongoing balance of payments deficits without having to make the adjustments of other deficit countries. Instead, Italy, together with many other Western countries such as Germany, worked actively to strengthen the Bretton Woods system. In the early 1960s, this cooperative attitude paved the way to some important agreements designed to stem the tide of international speculation.

The year 1960 saw the first serious run on gold,⁵ with both private and central bank demand strong on the London market and increasing uncertainty about the US dollar. This disturbance was of great concern to the monetary authorities of most countries, and it was for this reason that, when a cooperative solution was eventually proposed, the central banks agreed. In October 1961, Washington proposed an informal arrangement to share the burden of the cost of intervening on the London market to hold the price within reasonable limits. The central banks of Italy, France, Belgium, the Netherlands, Switzerland, West Germany and the United Kingdom agreed to cooperate in a consortium with the Federal Reserve Bank of New York, to stabilise the price of gold. The reasoning was that spikes in the free price of gold on the London market could be controlled by having a gold pool to sell on the open market, which would then be recovered when the price dropped. The Italian government decided to support the initiative, despite many doubts about the viability of the formula. The Bank of Italy even called the initiative 'inappropriate', since the central banks could be forced to sell gold on the market thus 'impoverishing national reserves'. However, such speculative attacks, accompanied by the risk of collapse of sterling, persuaded the Italian central bank 'to preserve solidarity' among industrial countries. Italy therefore participated 'faithfully' in the pool throughout the following years, although it did not relinquish 'the right to restore in whole or in part the gold losses'.⁶

Together with this intergovernmental cooperation, the USA proposed to strengthen the role of the IMF in the international monetary system. Washington's policy had a twofold objective: stabilisation of the international financial market and the creation of additional resources available

⁵ By mid-October, prices over \$40 an ounce had been reached on the London market.

⁶ ASBI, dc, c. 64, f. 1, sf. 8, *Appunto di Carli per Colombo*, Roma, 12 March 1968.

to redress the US balance of payments deficit. In September 1961, the USA suggested expanding the amount of the IMF loan to \$6 billion, to be used to stabilise each nation's exchange rate. The Italian government displayed a spirit of broad, willing cooperation, contributing to overcoming the differences among participants. Italy's mediation regarding the two most divisive issues (the introduction of a veto power and the voting rights procedure) did prove to be decisive. Just before the Vienna summit, scheduled for September, the Italian minister of the Treasury, Paolo Emilio Taviani, wrote to the secretary of the US Treasury Douglas Dillon, insisting on the need for 'joint decisions regarding the Fund's loans'. This position implied the relinquishment of all veto powers—a situation which was firmly rejected by the USA but supported by some European countries—in view of the adoption of a 'large-scale consultation procedure in order to involve lending countries actively in the decision-making process'.⁷ The Italian proposal paved the way for the final compromise, based on the expansion of the Fund's facilities and on a parallel increase in the voting power of EEC countries. In November 1961, Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, the UK, the USA and Sweden decided to organise the Group of Ten,⁸ also known as the Paris Club, while agreeing on one treaty, known as the General Agreement to Borrow (GAB), effective as from October 1962.⁹ Within this framework, Italy accepted lending the Fund \$550 million, thus becoming the third contributor together with France. As Carli explained, Italy's support derived from the firm belief that 'joint collaboration within the IMF [was] an essential asset' for a viable international monetary system.¹⁰

⁷ASBI, Carte Carli (hereafter Cc), n. 70, f. 16, Lettera di Taviani per Dillon, Roma, 9 September 1961.

⁸The Group of Ten (or G10) included eight IMF members—Belgium, Canada, France, Italy, Japan, the Netherlands, the UK and the USA—and the central banks of two others, Germany and Sweden. Switzerland joined the Group in 1964, but the name remained the same.

⁹The treaty stipulated that, when short-term international flows of large amounts of capital could potentially cause fluctuations in exchange rates, the IMF should borrow funds from these ten nations to a ceiling of \$6 billion to be loaned to member nations that suffer from currency crisis.

¹⁰Carli, *Scritti e Conferenze*, 162.

Despite these joint efforts to support the dollar, the erosion of the immense stock of gold in Fort Knox continued. In order to discourage international speculation against the dollar, the undersecretary for monetary affairs, Robert V. Roosa, promoted the issue of bonds which would attract and allow foreign holders of dollars to turn them into long-term assets, as an alternative to buying US gold. The New York Federal Reserve Bank, as the Treasury's agent, initiated reciprocal lines of credit ('swap lines') with foreign central banks for purposes of 'lying against the wind' in global exchange markets, which typically meant intervening to buy dollars. The Treasury, for the first time in the Bretton Woods era, sold bonds denominated in foreign currencies which could only be purchased by foreign central banks. These 'Roosa bonds' transferred the risk of any dollar devaluation to the USA and absorbed some of the dollar excess by converting it to long-term foreign debt. Although some central banks were reluctant to buy these bonds, Germany and Italy each 'actively' contributed to the defence of the system by purchasing 'Roosa bonds' worth \$200 million.¹¹

DEFENDING THE SYSTEM

In the early 1960s, Italy supported the planning and implementation of the most remarkable attempt to reform the international monetary system. The initiative began when the international supply of two key reserve assets—gold and the US dollar—proved inadequate to support the expansion of world trade and financial development. The main industrialised countries—embodied in the Group of Ten—thus began to consider the creation of a new international reserve under the auspices of the IMF. However, in the search for a solution to the problem of a potential reserve shortage, there was a clear divergence of views on such questions as to how reserve needs should be measured, what form additional liquidity should take, and how it should be distributed initially and used in settling international payment imbalances. Basically, there was a clear division of opinion as to whether any reserve supplement should take the form of either increased credit facilities, or expansion of 'owned' reserve assets.

¹¹ *Relazione Annuale della Banca d'Italia* (hereafter R.A.), 1963, 184.

The USA, backed by Canada and the UK, pressed for providing additional reserves or international credits 'to smooth the adjustment to future imbalances, not to alter the financing of past deficits, and to add to the stock of world reserves, not to replace the dollars now in use'.¹² By contrast, France wanted a symmetrical discipline for deficit countries and appealed for restoration of the gold standard, which would put an end to the hegemony of the dollar. Between these opposite poles, Italy acted as an 'honest broker' in search of an agreed formula.

At the Paris meeting of 15–16 June 1964, the division within the Group of Ten surfaced for the first time during a lengthy discussion of the precise meaning and import of 'multilateral surveillance'. Robert Roosa, speaking as the US representative, proposed a flexible approach which did not take into account the obligatory consultation prior to use of facilities. The only obligation would be to inform all participants at least of the total volume of the operation. This would be followed by a process of mutual discussion and appraisal, from which all would try to benefit and others to be as helpful as possible to a participant in difficulties. Giscard d'Estaing, acting as the French representative, complained that the agreed formula for multilateral surveillance was 'much less organized and much less concrete than the French had originally proposed and would have liked to see adopted'.¹³

From the first stage of negotiations, Italy (which during the Paris meeting had supported the US line of argument) outlined its 'half-way' orientation.¹⁴ Although unwilling 'to replace the existing system', Italy

¹²FRUS, 1964–68, vol. VIII, International Monetary and Trade Policy, doc. 18, Letter from the Chairman of the Task Force on Foreign Economic Policy (Kaysen) to President Johnson, Washington, 25 November 1964.

¹³FRUS, 1964–68, vol. VIII, International Monetary and Trade Policy, doc. 9, Telegram From the Embassy in France to the Department of State, Paris, 16 June 1964.

¹⁴After a severe economic crisis in 1963–64, Italy lost about \$400 million in gold reserves and in the following years the Bank of Italy partially reconstituted its stock by converting \$80 million in gold. Nonetheless, the Italian government disassociated itself from French policy, confirming 'confidence in the dollar'. After the conversion, Italy held about \$1.7 billion of its reserves in dollars while the gold ratio was about 55%, the lowest of any of the major European powers. Moreover, as Dillon emphasised, 'the Italians have been very cooperative and should not be criticised in any way for their forthcoming gold purchase'. FRUS, 1964–68, vol. VIII, International Monetary and Trade Policy, doc. 56, Memorandum From Secretary of the Treasury (Dillon) to President Johnson, Washington, 27 March 1965.

was ready 'to improve it by introducing some stabilising changes' and did not intend 'to oppose the American initiative'.¹⁵ As Carli emphasised in a letter to the minister of the Treasury, Emilio Colombo, the country's policy 'was articulated, on one hand, by the need to adjust the reserves of external liquidity to the increasing expansion of international trade and, on the other, by the avoidance of the creation of inflationary instruments within the international payments system'.¹⁶ At the 1965 Annual Meeting of the IMF, Colombo repeated the governor's suggestions reiterating warnings against the creation of excessive liquidity. According to the minister of the Treasury, gold and reserve currency assets, together with a wide range of credit facilities, 'were fully adequate for present needs and most probably for some years to come'.¹⁷ There was, therefore, no case for any further increase in the volume of liquidity, since Italy did not share the view that the disappearance of the US payments deficit would necessarily lead to an immediate shortage of liquidity. Despite this restrictive position, Colombo displayed a collaborative attitude and agreed to contingency planning, with a view to providing suitable machinery for increasing liquidity if the need for it were really to arise. In addition, Italy worked out a compromise regarding the alternative proposals of reserve units and special drawing rights with an 'open-minded' approach.¹⁸ In this early stage of negotiations, the USA sponsored the creation of reserve units, whereas other countries, such as France, Belgium and Switzerland, 'shunned' the idea of a new international currency, which they considered to be 'foolhardy, dangerous and premature'. According to Federico Caffè—a prominent economist who also worked in the Bank of Italy in various positions—Italy's top priority was to achieve an agreement, so as to avoid any restriction of trade and payments which might be caused by deficit countries, such as the USA and the UK, 'if an adequate volume of reserve assets would not be put into effect'. Facing the risk of 'growing pressures' inside the

¹⁵ACS, Cm, b. 31, f. 64, USA, Appunto della Dgae-Uff. VIII, Roma, August 30, 1965, Incontri, colloqui e corrispondenza varia con personalità americane. 1964–1968, sf. 4 USA. Corrispondenza varia. Incontri, colloqui con personalità americane. 1965.

¹⁶ACS, Dc, c. 63, f. 4, sf. 4, Appunto di Carli per Colombo, Roma, 15 February 1965.

¹⁷Margaret Garritsen de Vries, *The International Monetary Fund, 1966–1971* (Washington DC: IMF, 1976), 69.

¹⁸Humphrey replied that Washington 'was looking for Italy's support'. ACS, Cm, b. 44, f. 238 Colloqui 1967, Colloquio Moro-Humphrey, Roma, 31 March 1967.

USA wanting a 'standard dollar' which would give rise to 'disarray' in the international monetary system, Italy continued to insist on finding common ground among negotiating countries. After 'intense persuasion' carried out by the Italian and German delegations in the Group of Ten, the Anglo-Americans finally accepted some specific proposals—such as automatic drawing rights, separation from the IMF in its normal operations, an unconditional feature—provided that the other EEC countries agreed with them, 'eventually with the only exception of France'.¹⁹

With negotiations moving into their critical phase, Washington intensified pressure on Bonn and Rome. In early April, the secretary of the Treasury Henry H. Fowler warned the German minister of finance, Karl Schiller, that the failure to reach an acceptable plan 'would lead to grave consequences in the future evolution of the monetary system and in the financial relationships of Europe and America'.²⁰ Despite these efforts, a few days later Fowler noted that, at the Common Market ministers' meeting on 17 April, 'Germany was moving to a position closer to the French'. Therefore Italy, which together with the Netherlands 'had stood up for a good plan',²¹ began to play a pivotal role in determining the outcome of negotiations. Two days later, the US president Johnson drew the attention of the Italian premier Aldo Moro to the crucial importance of an agreement. Moro therefore asked Colombo 'to bear in mind' Washington's point of view, since the USA 'hoped for the understanding and support of the Italian government'.²²

Indeed, during the following meeting of the European ministers of finance the Italian delegate urged the Six 'to be constructive'. Colombo suggested phasing out some proposals worked out by the European Monetary Committee which would probably be 'unacceptable for the

¹⁹ASBI, Carte Caffè, n. 59, f. 7, 'Riunioni di Monaco e di Washington aprile 1967', Appunto di Caffè per il ministro del Tesoro, Roma, 12 April 1967.

²⁰FRUS, 1964–68, vol. VIII, International Monetary and Trade Policy, doc. 119, Letter From Secretary of the Treasury Fowler to the German Minister of Finance (Schiller), Washington, 6 April 1967.

²¹FRUS, 1964–68, vol. VIII, International Monetary and Trade Policy, doc. 120, Memorandum From Secretary of the Treasury Fowler to President Johnson, Attachment A, Memorandum From Secretary of the Treasury Fowler to Secretary of State Rusk, Washington, 22 April 1967.

²²ACS, Cm, b. 11, f. 29 CEE, sf. Varie, Lettera di Moro per Colombo, Roma, 18 April 1967.

Group of Ten'. In particular, the Italian minister envisaged the risk that any formula not based on the creation of additional reserves 'would have no chances to be approved'. Indeed, Italy considered 'too limited' the French plan based on the Composite Reserve Unit (CRU),²³ which would supplement liquidity in proportion to gold holdings. Although willing to pursue an independent course because of a belief in the primary role of gold, Paris realised that an isolationist stance would be counterproductive to French aims. Once again, the US government praised the Italian representatives for having 'consistently maintained the constructive position that new reserve assets should embody qualities of international money even if in the form of drawing rights and that the Eec common position should be one that is a reasonable basis for further negotiation with the rest of Group of Ten and other members of IMF'.²⁴

In the following weeks, negotiations focused on the major issues which still required some solution in order to allow agreement on a satisfactory plan in September.²⁵ In general, the USA, Canada, Britain and Japan wanted drawing rights 'to be as liberal as possible so that they

²³Historical Archives of the European Union, Florence (hereafter HAEU), BAC 144/1992 n. 182., Verbale della 26ª riunione dei Ministri delle Finanze della Cee, Munich, 17–18 April 1967. France's interest in the CRU, however, was not because it would add to world liquidity, but because it would enhance gold's profile as an international reserve. In commenting on the outcomes of the Munich meeting of the EEC Finance Ministers, Fowler stressed US 'disappointment' regarding the German role (FRUS, 1964–68, vol. VIII, International Monetary and Trade Policy, doc. 120, Memorandum From Secretary of the Treasury Fowler to President Johnson, Washington, 22 April 1967). By contrast, the president's deputy special assistant for national security affairs Francis Bator, reminded Johnson that 'the Italians took our side [...] and should be thanked' (Ibid., Attachment B—Memorandum From the President's Deputy Special Assistant for National Security Affairs (Bator) to President Johnson, Washington, 22 April 1967).

²⁴FRUS, 1964–68, vol. VIII, International Monetary and Trade Policy, doc. 126, Telegram From the Department of State to the Embassy in Italy, Washington, 1 June 1967.

²⁵These issues were: (a) whether and the extent to which the resources, accounting and administration of reserve creation should be separated from the IMF in its normal operations; (b) acceptable provisions on holding and use of the new asset; (c) the manner in which holdings of the asset should be reconstituted, that is, repaid following use; (d) decision-making; and (e) EEC proposals to 'reform' some aspects of the operations of the IMF, especially giving the EEC strong control.

come close to a new form of international money'.²⁶ By contrast, France, with varying degrees of support from some EEC countries, preferred the privileges to be no more than another kind of credit. In July 1967, the French minister of economy and finance, Michel Debré, still insisted that strict rules on reconstitution were essential and should be clearly spelled out. Acting as a mediator between the USA and France, Colombo introduced the principle of harmonisation in order to ensure the liquidity of the new scheme and facilitate better working of the adjustment process.²⁷ Italy's proposal contributed to overcoming the differences and the Europeans gradually rallied around the goal of obtaining more power by increasing the voting share of European countries in the IMF. During this final stage, the Europeans insisted on a new requirement for a special majority, that is, 85% of the total votes to the Board of Governors, in order to give the members of the EEC, as a group, a veto over any allocation of the Special Drawing Right (SDR).

After years of intense negotiations, the IMF summit convened in September 1967 in Rio de Janeiro and finally approved the project called 'Outline of a Facility Based on Special Drawing Rights in the Fund'. The plan required new liquidity to be created by means of special, automatic drawing rights linked to the IMF. The Italian government warmly welcomed the final decision, since the key points of the agreement echoed the Italian proposals arguing for 'a conscious and voluntary' creation of a new reserve account 'rather than a supplementary credit'. The document was basically 'a compromise' between the USA and the French positions, although the core of the US argument, much closer to Italy's proposals, 'had prevailed'.²⁸

²⁶FRUS, 1964–68, vol. VIII, International Monetary and Trade Policy, doc. 132, Current Economic Developments, Washington, 4 July 1967.

²⁷de Vries, *The International Monetary Fund*, 156. According to this scheme, participants would be asked from time to time to reconstitute their outstanding special drawing rights to the extent necessary to restore the reserve position which would have been obtained if they had used their special drawing rights in the same proportion as their total reserves.

²⁸ASBI, Dc, c. 63, f. 6, sf. 16, Appunto di Carli per Colombo, Roma, 22 November 1968. Throughout the negotiations, the Italian diplomats successfully acted 'on a political and technical level' (ASBI, Dc, c. 64, f. 2, sf. 7, *Appunto del Servizio Studi della Banca d'Italia - Ufficio Istituti Finanziari Internazionali*, Roma, 15 November 1968), to the extent that President Johnson praised Colombo and Carli for having played 'an important and vital role' (ACS, Cm, b. 31, sf. 8 'Messaggi Johnson', Messaggio di Johnson per Moro, Washington, 31 December 1967).

At the end of 1967, the international monetary system was again under stress. This time it was the British pound which came under renewed pressure, since the exchange rate against the dollar was considered too high. According to Carli the central banks of developed countries would take 'a heavy burden' upon themselves if they did not prevent a massive run on the pound, which could force the UK to abandon its fixed exchange rate, devalue its currency by a sizable amount and apply import restrictions.²⁹ If the UK failed to defend sterling, the unification of the international markets would 'decline' and would be replaced by 'monetary associations which might catalyse economic and political associations which differ from the existing ones (US, Canada, Australia, New Zealand and the UK)'. In this dismal scenario, even European economic integration 'would become uncertain'. This approach summarised Italy's attitude at that time: the Bretton Woods agreements were still deemed to be essential in furthering interdependence, transatlantic relations and European integration. When in November 1967 the UK reluctantly devalued sterling by 14.3%, Italy strongly supported the idea of maintaining European parities against the dollar, since a change of parities might potentially 'start a series of unpredictable reactions' which could run 'out of control'.³⁰

Italy displayed the same attitude which had provoked the collapse of the London Pool during the crisis of March 1968. This organisation pooled the gold reserves of a group of eight central banks in the USA and seven European countries which, on 1 November 1961, had agreed to cooperate in maintaining the Bretton Woods system of fixed-rate convertible currencies and defending a gold price of US \$35 per ounce by interventions on the London gold market. The central banks coordinated concerted methods of sales of gold to balance spikes in its market price, as determined by the London morning gold fixing, while buying gold on price weaknesses. In the late 1960s, price controls became less and less workable as the pegged price of gold was too low, and runs on gold, the British pound and the US dollar all occurred. In early March 1968, sales of gold reached \$1273 million, thus leading the

²⁹Barry J. Eichengreen, *Globalising Capital: A History of the International Monetary System* (Princeton: Princeton University Press, 1998) 169–174.

³⁰ACS, Dc, c. 63, f. 6, sf. 14, Appunto di Carli per Colombo, Roma, 18 November 1967.

US Congress to cancel the requirement for a gold reserve to back the dollar.³¹ A few days later, on 16–17 March 1968, an international conference held in Washington decided to dissolve the gold pool and separate the central banks' gold stock from the world market.

During the meeting, Carli reminded the President of the Federal Reserve, William McChesney Martin, that the Bank of Italy was well aware that the central banks of Belgium and the Netherlands were (acting) 'two-faced', since 'they were buying on the market a lot of gold at the official price'.³² Although this meant that the gold pool had already dissolved, Italian delegates insisted on reforming the existing system and recuperating a cooperative attitude among the Western countries. In order to prevent disruption of Western economic solidarity, the Italian monetary authorities came to the negotiating table with the idea of a 'two-tier system'. This mechanism, submitted by the Bank of Italy for the first time in 1962, sought to create a monetary market in which gold and dollars would be exchanged at the official rate and an industrial market in which the private sector would buy gold at a free price. The idea of partially removing barriers against free movement of the price of gold was probably the first step towards the solution regarding the chronic shortage of gold in the monetary system, a problem greatly accentuated not only by the academic studies of the time, but also by the Bank of Italy's representatives. In addition, the main advantage of adopting a two-tier system was to allow the monetary authorities to reach an interim point which allowed them to gain time, mitigating speculation on the markets, in order to find a long-term solution for the international liquidity problem. Although 'imperfect' and 'provisional',³³ the solution was a major victory for the Italian authorities which,³⁴ once again, significantly contributed to preventing the erosion of the Bretton Woods system.

³¹ Until that moment, the Federal Reserve was required to maintain a 25% gold backing for all notes.

³² Guido Carli, *Cinquant'anni di vita italiana* (Roma/Bari: Laterza, 1996), 235–236.

³³ *Ibid.*, 239.

³⁴ As the Italian ambassador Egidio Ortona reported, the Americans 'praised' the Italians for the *two-tier system* proposal which 'had literally dominated the discussions' (ACS, Cm, b. 31, f. 64 'Incontri, colloqui e corrispondenza varia con personalità americane. 1964–1968', sf. 4 'Usa. Corrispondenza varia. Incontri, colloqui con personalità americane. 1965', Telegramma di Ortona per Mac, Washington, 17 March 1968).

In addition, as financial turbulence struck the French franc at the end of 1968, causing frequent capital movements from Paris to the Federal Republic of Germany as well as the closure of most European stock exchanges, the Italian central bank promoted a new plan of reform during the Group of Ten emergency conference in Bonn on 20–22 November. This proposal, later known as the ‘Carli plan’, aimed at creating an open-ended monetary facility to offset international short-term capital flows. Obviously, the monetary authorities of the country whose reserves were increasing would finance those countries whose reserves were decreasing as a result of short-term capital movements.³⁵ In general, all these events signalled that, on the verge of the collapse of the Bretton Woods system, Italy was still committed to defending economic and financial interconnections among Western countries.

A LEAP INTO THE UNKNOWN: ITALY AND THE COLLAPSE OF THE BRETTON WOODS SYSTEM

On 15 August 1971, without prior warning to the leaders of the other major industrial powers, the US president Nixon announced that the USA was cancelling the commitment to redeem international dollar holdings at the rate of \$35 per ounce. This unilateral decision blatantly redirected US monetary policy from international issues to national interests, closing the era of intense transatlantic monetary cooperation which had begun in the late 1940s.

As Guido Carli pointed out, the collapse of the system marked a radical change since Washington had drifted away from ‘pursuing an economic policy consistent with external equilibrium’. However, not only the USA should be blamed for this ‘landmark decision’ which ‘severed

³⁵The main arguments introduced by the Bank of Italy which caused most of the criticism were the unspecified amount and duration of the financing, as well as the collective guarantee of the risk of the transaction itself. These two ideas were seen as rather ambitious by many national delegations, since it was considered that a similar mechanism was far from the possibilities of pure cooperation between central banks. The ‘Carli plan’, studied in two different meetings at the Bank for International Settlements between December 1968 and January 1969, was later rejected in early February by a Group of Ten formal statement, in which the governors of national central banks considered the existing resources adequate to alleviate the impact of speculative movements of funds on reserves.

internal from external goals³⁶; Carli remarked that most of the Western European countries appealing for 'the elimination of the United States balance of payments deficit' had displayed 'consternation' when assessing the economic consequences of this move.³⁷ Italy's diplomacy therefore focused on 'a mid-line' with the prospect of 'reviving a productive international cooperation'.³⁸ A policy of confrontation on the European side, explained the Italian ambassador in Washington, might hasten 'the decline of the principles of international cooperation and free trade, that the American people pursued from the postwar years onwards'. For this reason, the Europeans should agree to 'reciprocal exchanges' so as 'to avoid a fatal blow to transatlantic relations'.³⁹ As regards this point, Carli too stressed the risk of 'negative effects' which might overflow into other sensitive areas, 'not last that of world peace'.⁴⁰ At the end of September, Italy's foreign minister Aldo Moro confirmed this attitude during the meeting of the EEC foreign ministers. Although US actions were 'unexpected', the Europeans 'had to acknowledge that they had long been aware of the serious tensions affecting the international monetary system'.⁴¹ Moreover, as Moro pointed out during a meeting of the Committee of the Senate on Foreign Affairs, a clash with Washington was 'unthinkable', since the Europeans 'could not disregard the huge economic potential' of the USA. Therefore, 'a bit of healthy pragmatism' should lead the EEC leaders to seek 'a reasonable arrangement' in order to prevent 'a trade war, ruinous for everyone'. Once again, Moro's approach was grounded on the firm belief that the Western bloc could only survive by 'preserving an open economy' and 'the solidarity

³⁶ *Conferenza del Governatore della Banca d'Italia 'Il lungo cammino verso l'unificazione dell'Europa'*, Roma, 7 June 1972, in Carli, *Scritti e Conferenze (1970–1971)*, V:92.

³⁷ *Ibid.*, *Intervento del Governatore della Banca d'Italia*, Roma, 30 October 1971, 442.

³⁸ ACS, Cm, b. 16, f. 'Questioni Cee. Settembre 1971', Lettera di Ortona per Moro, Washington, 28 August 1971.

³⁹ Italy's foreign minister Aldo Moro agreed on this policy, commenting that the Italians 'should say something to the Americans as soon as possible', *Ibid.*

⁴⁰ ASBI, Dc, c. 70, f. 2, sf. 4., Appunto di Carli per Preti, Roma, 2 September 1971.

⁴¹ ACS, Cm, sd, b. 24, f. 513, 'Discorsi e dichiarazione del ministro degli Affari Esteri On. Aldo Moro. Anno 1971', Intervento di Aldo Moro al Consiglio ministeriale Cee, 20 September 1971.

with the United States which had spurred Italy's economic recovery in the postwar years'.⁴²

On the whole, throughout the period between the suspension of gold/dollar convertibility and the Smithsonian Institute agreements in December 1971, the Bank of Italy had attempted to reconcile positions within the European Community, particularly those of France and Germany, with the USA. However, political and economic contrasts were still too great to be reconciled in a short time and the Six moved haphazardly: France adopted a 'two-tier exchange system', maintaining a fixed rate on the dollar for commercial transactions, while the other EEC countries let their own currencies float but without any concerted strategy and with different degrees of intervention on the markets by national monetary authorities. In mid-September, the US secretary of the Treasury, John B. Connally, made it clear to his European partners that the USA was ready to discuss a new international monetary asset. The Bank of Italy, again, tried to play the role of negotiator. In Washington, Governor Carli met Connally and the US Undersecretary of the Treasury Paul Volcker to discuss the uncertain monetary situation and possible future scenarios, stressing how fundamental it was to act 'patiently but also with strong determination', in order achieve positive results from the complex negotiations in progress. Finally, some kind of accord was reached during the Group of Ten December meeting in Washington, giving rise to a new fixed exchange rate system characterised by different parities and wider bands of fluctuation among currencies. Although the Bank of Italy applauded the fact that the lira had gained some competitive capacity in the export sector, thanks to the various revaluations and depreciations which had occurred in the Smithsonian Institute Building, it was also aware that the compromise represented 'just a glimpse of the general approach regarding the negotiations [for the reform of the international monetary system]'. Although Italy welcomed the enlargement of the band around par values ('an important change'), the Smithsonian agreements 'did not solve the fundamental problems related to the organization of a new international monetary system'.⁴³ In addition, the

⁴²ACS, Cm, sd, b. 24, f. 513, 'Discorsi e dichiarazione del ministro degli Affari Esteri On. Aldo Moro. Anno 1971', Intervento di Aldo Moro alla Commissione Esteri del Senato, Roma, 28 September 1971.

⁴³ASBI, Dc, c. 65, f. 2, sf. 7, Appunto di Carli per Colombo, Roma, 19 December 1971.

problem of gold/dollar convertibility was left unanswered by US representatives, since the new 'Smithsonian' parities were not linked *de facto* to any gold value. The USA, therefore, still enjoyed the privilege of holding the international reserve currency, the dollar, but without its previous commitments.

There was then the further possibility envisaged in the Smithsonian agreements—for national central banks to be able to move the exchange rate margins by 9% up or down—which posed several problems for the European Monetary Union (EMU) and EEC members. As the implementation of the 'Werner plan' went ahead, with the final aim of reaching the EMU over a ten-year period, Italy became more and more concerned about the probable establishment of two different currency areas: one gravitating around the US dollar and the other backed by European countries.

As for European plans for monetary integration, Italy supported the idea of a monetary area but criticised the decision to give priority to monetary unification over economic and political integration. The EMU was considered a long-term project, to be attained only after the achievement of more effective coordination of economic policies and a higher degree of political unification. In the summer of 1972, Italy promoted the 'global approach', with the aim of reshaping the EMU, as well as a viable reform of the international monetary system. This proposal, mainly developed by the Bank of Italy, put great emphasis on a progressive approach to domestic economic policies, in order to implement a plan instages. Regarding the discussions on narrowing the exchange rate margins of fluctuation between EEC currencies, Italy's proposal suggested instead widening them towards the dollar to the maximum limit set by the IMF, rather than changing the intra-Community margins so as to confer greater benefits to the EEC central banks, to avoid financial speculation in national exchange markets. However, the time was not ripe for Italy's approach, which required deeper central bank cooperation and the creation of a European unit of account. Although most of the EEC members wished to identify the Community within the international monetary system, Italy—now affected by growing political instability—was on the verge of a significant economic down-turn characterised by steady growth of salaries and high inflation rates.

CONCLUSIONS

After some initial hesitation, Italy embraced the newly established monetary order set up at the Bretton Woods conference in 1944. Throughout the 1950s and 1960s, the Italian decision-makers supported the international monetary system with both collaborative diplomatic attitudes and innovative proposals. Within the framework of the Bretton Woods agreements, international monetary policy represented a cornerstone of Italy's foreign policy within the context of the Cold War. From the late 1950s, the country had been able to reconcile a strong balance of payments surplus with the commitment to preserve the fixed exchange rate mechanism, mainly thanks to the constructive contribution of the Bank of Italy's management. In all major crises affecting the system from the early 1960s, Italy's foreign monetary diplomacy played a central role consistent with the country's economic recovery.

However, at the end of that decade, this trend had been completely reversed. With rising inflation and a run on gold looming, Nixon's administration unilaterally ended the existing Bretton Woods system in August 1971. In both style and substance, this bold action appeared starkly at odds with past US policies. In style, the USA abandoned partnership and multilateralism for unilateralism pure and simple. In substance, the Nixon administration imposed self-interested measures which sometimes harmed foreign economies. The downfall of the monetary system came as a shock for Italy, since the previous years had witnessed a strong trend towards economic interdependence and financial cooperation among the industrialised countries. In addition, in the late 1960s, Italy had entered a period of political and economic crisis which undermined its international role. As domestic economic indicators worsened, the country began to focus more and more on its own recovery. In the meantime, the second dollar devaluation of February 1973 forced Italy to abandon the experiment of the 'Snake' and revealed varying attitudes to growth and stability among EEC countries.⁴⁴

In this gloomy scenario, any idea of reforming the international monetary system in a multilateral framework was postponed *sine die* and Italy stopped defending what still remained of the Bretton Woods system. This system collapsed less than a year later when, in February 1973, the USA unilaterally revoked the Smithsonian agreements.

⁴⁴This measure followed the previous 8% devaluation after the Smithsonian Agreement.

Reshaping Transatlantic Energy Relations: Italy, the United States and Arab Producers During the 1970s

Elisabetta Bini

This chapter examines Italy's energy policies between the second half of the 1960s and the mid-1970s. Although this topic has been the object of several scholarly works, most studies have approached the issue from a national point of view or through the lens of business history. When they have adopted an international perspective, they have usually focused on the relationship between Italy and single oil-producing countries. The question of how the transformation of the Cold War and the Mediterranean area during the 1970s affected Italy's energy policies, both internationally and internally, has mostly remained in the background.¹

¹Giulio Sapelli and Francesca Carnevali, *Uno sviluppo tra politica e strategia. ENI (1953–1985)* (Bologna: il Mulino, 1992); Giulio Sapelli et al., *Nascita e trasformazione d'impresa. Storia dell'AGIP Petroli* (Bologna: il Mulino, 1993); Franco Briatico, *Ascesa e declino del capitale pubblico in Italia. Vicende e protagonisti* (Bologna: il Mulino, 2004). For Italy's

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Through the study of American and Italian diplomatic and corporate sources, this chapter argues that during and after the Six Day War of 1967 and within the context of the 1973 oil crisis, the Italian government, in particular its foreign minister Aldo Moro, linked the changes taking place in the Mediterranean with the process of *détente*. Moro argued that the forms of multipolarism and dialogue promoted by *détente* should be extended to the Mediterranean, and lead the European Economic Community (EEC) to support the end of the Arab–Israeli conflict and the establishment of new, more equitable relations between oil producers and oil consumers. In Moro’s view, in order to overcome the destabilising effects of bipolarism and restrain the growing power of Arab oil producers, the EEC should pursue a more autonomous policy, based on a new dialogue with Arab countries on topics relating to security, peace and economic cooperation.

A series of domestic and international factors, though, limited Italy’s ambitions. On the one hand, the country remained economically too weak and politically too unstable to pursue a consistent policy in the Mediterranean or the EEC. Furthermore, the Italian market continued to be greatly dependent on oil and natural gas from North Africa and the Middle East, despite the growing importance of the USSR and the North Sea as providers of energy resources. On the other hand, the EEC was too divided to promote a coherent, shared policy in the Mediterranean, and excluded energy issues from the Euro–Arab dialogue, particularly from its Global Mediterranean Policy (GMP). Most importantly, in the first half of the 1970s, the USA ‘contained’ Italian and Western European efforts to redefine relations between the Atlantic bloc, the EEC and the Arab world.

The US administration, led by President Richard Nixon and represented by his national security advisor (later secretary of state) Henry Kissinger, strongly criticised Italy’s plan to pursue an autonomous policy in the Mediterranean. It feared that a Euro–Arab dialogue might lead to the radicalisation of Arab nationalism, and interpreted European positions as a betrayal of the Atlantic Alliance and US primacy in it. Differences between Italy and the USA emerged especially during the

relations with single oil producers, see Massimo Bucarelli and Silvio Labbate (eds.), Special Issue of *Nuova Rivista Storica* 98, no. 2 (2014).

Arab oil embargo of 1973, when Moro endorsed the EEC's declaration in support of a just peace between Israel and Arab countries, and participated in the Copenhagen Summit Conference to identify a common European policy to solve the energy crisis.

As this chapter shows, in the aftermath of the oil crisis the Italian government abandoned its wider interpretation of Mediterranean politics. While it continued to pursue a pro-Arab policy, it also re-aligned itself to the US. The ambivalence which characterised Italian politics in this period emerged clearly during the Energy Conference, held in Washington in February 1974. Despite the fact that Moro tried to argue that the oil crisis should be solved through international forms of cooperation between oil producers and oil consumers, his speech remained unheard, as the US and France fought over their different approaches to the oil 'shock'. Within this framework, Italy's energy policies were limited to the establishment of bilateral relations with single producing countries, carried out by the state-owned company *Ente Nazionale Idrocarburi* (National Hydrocarbon Agency, ENI).

THE MEDITERRANEAN BETWEEN BIPOLARISM AND *DÉTENTE*

Over the last 20 years, an increasing number of scholars have devoted their attention to analysing the Cold War in the Mediterranean which, shortly after the end of the Second World War, became one of the key theatres of confrontation between the USA and the USSR. Most studies have focused on the 1950s and 1960s, and have examined the ways in which the process of decolonisation intersected with the Cold War. They have noted how, especially after the Suez crisis, the two superpowers emerged as the main actors in the region, offering their economic and military support to newly established nationalist leaders and promoting their respective forms of modernisation as models to be emulated.²

²Ennio Di Nolfo, 'The Cold War and the Transformation of the Mediterranean, 1960–1975', in *The Cambridge History of the Cold War*, eds. Melvyn P. Leffler and Odd Arne Westad (Cambridge: Cambridge University Press, 2012), II:238–257; Effie G.H. Pedaliu, "'A Sea of Confusion': The Mediterranean and Détente, 1969–1974", *Diplomatic History* 33, no. 4 (2009): 735–750; Fawaz A. Gerges, *The Superpowers and the Middle East: Regional and International Politics, 1955–1967* (Boulder: Westview, 1994); Yezid Sayigh and Avi Shlaim (eds.), *The Cold War and the Middle East* (Oxford: Clarendon Press, 1997); Salim Yaqub, *Containing Arab Nationalism: The Eisenhower Doctrine and the Middle East* (Chapel Hill: University of North Carolina Press, 2004).

However, relatively little has been written about the following decades and, in particular, about the 1970s, when the Mediterranean area underwent 'a transition as a consequence of the interaction of superpower *détente*, *détente* in Europe, European integration and political and economic changes on the southern and eastern shores'.³

Most scholarship has focused on the Arab–Israeli conflict, pointing out that the years 1967–73 should be considered as a major shift in regional and indeed international history.⁴ In this view, during the Six Day War, the Mediterranean acquired new centrality for the USA and the USSR, leading to new conflicts between these superpowers. The Arab–Israeli conflict, together with the political changes which took place in Greece, Italy, Spain and Portugal, challenged the process of *détente* in Europe, and reinforced bipolarism. Whereas the US administration, particularly Kissinger, 'seemed unable to rise above the rigidities of the Cold War when it came to Mediterranean affairs', the Kremlin interpreted the Six Day War as 'a confrontation between progressive Arab regimes and the vanguard of world imperialism, Israel'.⁵ *Détente* thus failed to provide a new way of thinking about regional conflicts and relations among allies.

According to these studies, the rise of Egypt's President Anwar Sadat to power in 1970, together with the expulsion of Soviet military advisors two years later, represented crucial turning-points, marking the decline of Soviet forms of influence in the Mediterranean.

³Elena Calandri, Daniele Caviglia and Antonio Varsori, 'Introduction', in *Détente in Cold War Europe: Politics and Diplomacy in the Mediterranean and the Middle East*, eds. Elena Calandri, Daniele Caviglia and Antonio Varsori (London: I.B. Tauris, 2012), 3.

⁴Nigel J. Ashton (ed.), *The Cold War in the Middle East: Regional Conflict and the Superpowers, 1967–1973* (London: Routledge, 2007); Yaacov Ro'i and Boris Morozov (eds.), *The Soviet Union and the June 1967 Six Day War* (Stanford: Stanford University Press, 2008); William B. Quandt, *Peace Process: American Diplomacy and the Arab-Israeli Conflict Since 1967* (Berkeley: University of California Press, 2005); Galia Golan, 'The Soviet Union and the Outbreak of the June 1967 Six-Day War', *Journal of Cold War Studies* 8, no. 1 (2006): 3–19.

⁵Di Nolfo, 'The Cold War and the Transformation of the Mediterranean', 245; Antonio Donno and Giuliana Iurlano (eds.), *Nixon, Kissinger e il Medio Oriente (1969–1973)* (Firenze: Le Lettere, 2010); Raymond L. Garthoff, *Détente and Confrontation: American-Soviet Relations from Nixon to Reagan* (Washington: Brookings Institution, 1994); Odd Arne Westad, *The Global Cold War: Third World Interventions and the Making of Our Times* (Cambridge: Cambridge University Press, 2005).

More importantly, the exclusion of the USSR from the Arab-Israeli peace process in 1973 consolidated the position of the USA as the only super-power capable of shaping regional policies. By the mid-1970s, with the end of dictatorships in Spain, Portugal and Greece and the emergence of Eurocommunism in Italy, the Mediterranean became increasingly divided between its northern shores, fully integrated into the Atlantic bloc and the EEC, and its southern shores, largely dominated by the Arab-Israeli conflict and Third World politics.⁶

With few exceptions, scholars have overlooked the issue of how the energy crises of the 1970s affected (and were affected by) the Cold War.⁷ Between the late 1960s and the early 1970s, the Atlantic bloc underwent a profound transformation, as the EEC and the USA approached the economic crisis and oil producers' use of the 'oil weapon' in profoundly different ways.⁸ On the one hand, the US administration perceived the Organization of Arab Petroleum Exporting Countries (OAPEC) and oil producers as a new threat to the international economy, which should be met through the establishment of new forms of cooperation among consumers. On the other hand, EEC members considered *détente* as a way of recovering their agency in a multipolar world, and tried to promote a Euro-Arab dialogue and a common European approach to oil producers, while at the same time protecting their economic interests by dealing directly with individual Arab countries.⁹ While the 1973 oil 'shock'

⁶Mario Del Pero et al. (eds.), *Democrazie. L'Europa meridionale e la fine delle dittature* (Firenze: Le Monnier, 2010); Mario Del Pero, 'The Limits of Détente. The United States and the Crisis of the Portuguese Regime', in *The Making of Détente: Eastern and Western Europe in the Cold War, 1965–1975*, eds. Wilfried Loth and Georges-Henri Soutou (London: Routledge, 2008), 221–240.

⁷Fiona Venn, *The Oil Crisis* (London: Pearson Education Ltd., 2002); Raymond Vernon, *Oil Crisis* (New York: W.W. Norton and Co., 1976); Daniel Yergin, *The Prize: The Epic Quest for Oil, Money & Power* (New York: Free Press, 1991); David S. Painter, 'Oil and Geopolitics: The Oil Crises of the 1970s and the Cold War', *Historical Social Research* 39, no. 4 (2014): 186–208.

⁸On the discursive importance of the 'oil weapon', see Rüdiger Graf, 'Making Use of the "Oil Weapon": Western Industrialized Countries and Arab Petropolitics in 1973–1974', *Diplomatic History* 36, no. 1 (2012): 185–208.

⁹Ethan Kapstein, *The Insecure Alliance: Energy Crises and Western Politics Since 1944* (Oxford: Oxford University Press, 1990); Daniel Möckli, 'The EC-Nine and Transatlantic Conflict during the October War and the Oil Crisis, 1973–4', in *European-American Relations and the Middle East. From Suez to Iraq*, eds. Daniel Möckli and Victor Mauer (London: Routledge, 2010), 77–92; Francesco Petrini, 'L'arma del petrolio: lo 'shock' petrolifero e il confronto Nord-Sud. Parte prima. L'Europa alla ricerca di un'alternativa: la

seemed to pose a threat to the Atlantic community, the debates and meetings that took place during and after the crisis actually consolidated the Western bloc. Whereas oil consumers established new forms of international cooperation through the International Energy Agency (IEA), producers—particularly Libya and Algeria, led respectively by Muammar Ghaddafi and Houari Boumediene—radicalised Third World politics and anticipated the emergence of a post-Cold War scenario.¹⁰

ITALY'S ENERGY POLICIES IN THE MEDITERRANEAN

The Six Day War had a deep and lasting effect on international oil politics in the Mediterranean. The closing of the Suez Canal and the Arab oil embargo were particularly detrimental for the Italian economy, due to its great dependence on oil extracted by US companies in North Africa and the Middle East. Following an agreement signed with ENI in 1963, Standard Oil (New Jersey) provided the Italian company with 80 million barrels of crude for five years (the equivalent of 25% of ENI's needs), in exchange for technical equipment and the possibility of refining its oil in the facility built by ENI in Ingolstadt, Bavaria. Another treaty, signed that same year with Gulf Oil, assured ENI another 12.5 million tons of crude oil. In 1965, the Italian company negotiated a deal with Esso International Inc. and the Mediterranean Standard Oil Co. for the importation of 3 billion cubic meters of natural gas per year from Libya.¹¹

Comunità tra dipendenza energetica ed egemonia statunitense', in *Dollari, petrolio e aiuti allo sviluppo. Il confronto Nord-Sud negli anni '60-'70*, eds. Daniele Caviglia and Antonio Varsori (Milano: Franco Angeli, 2008), 79–108.

¹⁰ Elisabetta Bini, Giuliano Garavini and Federico Romero (eds.), *Oil Shock: the 1973 Crisis and its Economic Legacy* (London: I.B. Tauris, 2016); Giuliano Garavini, *After Empires: European Integration, Decolonization, and the Challenge from the Global South, 1957–1986* (Oxford: Oxford University Press, 2012); Niall Ferguson et al. (eds.), *The Shock of the Global: The 1970s in Perspective* (Cambridge: Harvard University Press, 2010).

¹¹ Archivio Storico ENI (hereafter ASE), Fondo ENI, Presidenza, Raffaele Girotti, b.76, f.3369 and f.336A; see also various documents in *Foreign Relations of the United States* (hereafter FRUS), 1961–1963, IX, Foreign Economic Policy; Manlio Magini, *L'Italia e il petrolio tra storia e cronologia* (Vicenza: Gruppo Mondadori, 1976); Silvio Labbate, *Il governo dell'energia. L'Italia dal petrolio al nucleare (1945–1975)* (Firenze: Le Monnier, 2010); Leonardo Maugeri, *L'arma del petrolio. Questione petrolifera globale, guerra fredda e politica italiana nella vicenda di Enrico Mattei* (Firenze: Loggia de' Lanzi, 1994).

The problems encountered by the Italian economy during the Six Day War were also due to the peculiar relationship that existed between ENI and the Italian government. As the country's 'economic miracle' came to an end and the economy entered a long recession, the government abandoned the reformist ethos which had characterised the late 1950s and early 1960s, in the name of a more 'minimalist' approach to politics. As a result, it reduced public investments in the energy sector and failed to provide any form of long-term, consistent energy plan for the country, thus making the Italian economy more vulnerable to changes in the international oil market.¹²

Italy's response to the Six Day War and to producers' use of the 'oil weapon' was multifaceted. The government, together with members of the parliament, argued that the growing power of the oil-producing world should lead to a profound transformation of international oil politics. Some supported the idea that the EEC should pursue a common energy policy and become more autonomous by investing in nuclear power. Others pointed out that, in order to assure Europe a constant, stable flow of oil, a shared European approach should include Arab countries and be characterised by redefined economic, political and military relations across the Mediterranean.¹³

In the late 1960s, the Italian government distanced itself from its traditional emphasis on national pride and prestige, which had characterised its 'Mediterranean vocation' during the 1950s and 1960s, and

¹²Gianni Toniolo (ed.), *L'Italia e l'economia mondiale dall'Unità a oggi* (Venezia: Marsilio, 2013); Elisabetta Bini, *La potente benzina italiana. Guerra fredda e consumi di massa tra Italia, Stati Uniti e Terzo mondo (1945–1973)* (Roma: Carocci, 2013); Franco Briatico, *Ascesa e declino del capitale pubblico in Italia. Vicende e protagonisti* (Bologna: il Mulino, 2004); Angelo Pressenda and Marcella Sarale, *L'ENI da Mattei a Cefis. La politica del petrolio tra mito e realtà* (Torino: Einaudi, 1978); Daniele Pozzi, *Dai gatti selvaggi al cane a sei zampe. Tecnologia, conoscenza e organizzazione nell'AGIP e nell'ENI di Enrico Mattei* (Venezia: Marsilio, 2008).

¹³Giampaolo Calchi Novati, 'Mediterraneo e questione araba nella politica estera italiana', in *Storia dell'Italia repubblicana*, ed. Francesco Barbagallo (Torino: Einaudi, 1995), 2: 195–263; Elena Calandri, 'Il Mediterraneo nella politica estera italiana', in *L'Italia repubblicana nella crisi degli anni Settanta. Tra guerra fredda e distensione*, eds. Agostino Giovagnoli and Silvio Pons (Soveria Mannelli: Rubbettino, 2003), 1: 351–381; Daniele Caviglia and Massimiliano Cricco, *La diplomazia italiana e gli equilibri mediterranei. La politica mediorientale dell'Italia dalla guerra dei Sei giorni al conflitto dello Yom Kippur (1967–1973)* (Soveria Mannelli: Rubbettino, 2006).

put forward a more complex interpretation of North–South relations. The left-wing sectors of the Christian Democratic Party (DC), the Italian Communist Party (PCI) and the Italian Socialist Party (PSI)—linked the process of *détente* in Europe to the end of the Arab–Israeli conflict. They pointed out that the forms of multipolarism made possible by *détente* should be extended to the Mediterranean and lead the EEC to abandon regional conflicts. Within this framework, Italy was supposed to play an important role and become a mediator between Israel and Arab countries.¹⁴

While the position of the DC was largely influenced by Pope Paul VI's Encyclical 'Letter on the Development of Peoples' (*Populorum Progressio*), the PSI and PCI adopted a common if differentiated anti-imperialist position. Although the PCI and its leader, Enrico Berlinguer, were mostly concerned with promoting *détente* in Europe, they also highlighted the importance of linking the redefinition of East–West relations to the transformation of North–South relations. Berlinguer, in particular, pointed out that the Arab–Israeli conflict should be solved by recognising Palestinian rights and eliminating all military bases and armed forces—including Soviet ones—from the Mediterranean. He also argued that new forms of economic and political interdependence were needed, based on the redistribution of wealth between rich and poor countries. In his view, these policies would lay the groundwork for the emergence of a post-Cold War order, based on cooperation between democracy and socialism.¹⁵

The main protagonist of Italy's international policy in Europe and the Mediterranean was undoubtedly Aldo Moro, who between 1969 and 1974 served as foreign minister. Moro advanced the idea that, in order to overcome the destabilising effects of bipolarism (particularly the military expansion of the USSR in the Middle East), the Arab–Israeli conflict

¹⁴Carla Meneguzzi Rostagni, 'La politica estera italiana e la distensione. Una proposta di lettura', in *Nazione, interdipendenza, integrazione. Le relazioni internazionali dell'Italia (1917–1989)*, eds. Federico Romero and Antonio Varsori (Roma: Carocci, 2001), 1: 355–371; Guido Formigoni, 'L'Italia nel sistema internazionale degli anni Settanta: spunti per riconsiderare la crisi', in *L'Italia repubblicana*, 271–298.

¹⁵Paolo Borruso, *Il PCI e l'Africa indipendente. Apogeo e crisi di un'utopia socialista (1956–1989)* (Firenze: Le Monnier, 2009); Marco Galeazzi, *Il PCI e il movimento dei paesi non allineati, 1955–1975* (Milano: Franco Angeli, 2011); Silvio Pons, 'L'Italia e il PCI nella politica estera dell'URSS di Breznev', in *L'Italia repubblicana*, 63–88.

should become part of a new policy pursued by the EEC and of multilateral forms of intervention headed by the United Nations (UN).¹⁶

Moro aimed at achieving several results, both internally and internationally. On the one hand, together with other members of the DC, he sought to strengthen the alliance with the PSI and promote a new dialogue with the PCI, in order to ensure Italy's social and political stability, in a context characterised by increased levels of conflict and a severe economic crisis. In Moro's view, a common approach to the Mediterranean, particularly to the Arab–Israeli conflict and the question of Palestinian rights, would allow the DC, PSI and PCI to pursue new forms of cooperation on the home front. As Elena Calandri has put it, 'Italy's Mediterranean policy became one of the 'issue[s] around which the political clash between supporters and opponents of what would be the "historic compromise" was played out'.¹⁷

On the other hand, Moro aimed at establishing a clearer international role for the EEC. The forms of multipolarism made possible by *détente* seemed to offer new opportunities to promote the idea that small- and medium-sized actors, and Europe as a whole, should have a substantial role to play in international politics. In Moro's view, the EEC should carry out a common energy policy in order to ensure that European markets had access to secure sources of oil and gas, and avoid the destabilising effects of oil nationalism.¹⁸ The debates which accompanied the organisation of the Commission on Security and Cooperation in Europe (CSCE) opened up a new space for intervention. In 1972, Moro proposed organising a conference of non-aligned countries in the Mediterranean, and a meeting similar to the CSCE for the Mediterranean, which would include all regional actors, together

¹⁶Giuliano Garavini, 'Moro, la Comunità Europea, la distensione nel Mediterraneo', in *Aldo Moro nell'Italia contemporanea*, eds. Francesco Perfetti et al. (Firenze: Le Lettere, 2011), 585–606; Italo Garzia, Luciano Monzali and Federico Imperato (eds.), *Aldo Moro, l'Italia repubblicana e i popoli del Mediterraneo* (Nardò: Salento Books, 2013); Alfonso Alfonsi (ed.), *Aldo Moro nella dimensione internazionale: dalla memoria alla storia* (Milano: Franco Angeli, 2013).

¹⁷Calandri, 'Il Mediterraneo nella politica estera italiana', 368; Renato Moro and Daniele Mezzana (eds.), *Una vita, un paese. Aldo Moro e l'Italia del Novecento* (Soveria Mannelli: Rubbettino, 2014); Giuliano Garavini, 'Moro, la Comunità europea, la distensione nel Mediterraneo', in *Aldo Moro nell'Italia contemporanea*, 589.

¹⁸Pia G. Celozzi Baldelli (ed.), *La politica estera italiana negli anni della Grande Distensione (1968–1975)* (Roma: Aracne, 2009).

with the USA and the USSR. Although Algeria advanced differing interpretations about Mediterranean politics, particularly of the Arab–Israeli conflict, it fully supported Moro’s ideas and, after the EEC announced its plan for a Global Mediterranean Policy in 1972, it persuaded the CSCE to discuss the problems of Europe together with those of the Mediterranean.¹⁹

Moro, however, walked a tightrope: while he wanted to establish a special relationship with the Arab world, he also wanted to avoid creating any tensions with the USA. Both the USA and the USSR were unwilling to recognise that the EEC, let alone Italy, could play any mediating or autonomous role, especially in the Arab–Israeli conflict and the energy sector. As a result, Moro’s effort to link the process of *détente* to the transformation of the Mediterranean and international oil politics remained largely frustrated.

ENI’S AGREEMENTS WITH OIL PRODUCERS

In the late 1960s, the Italian government assigned ENI the important task of providing the country with enough energy resources to meet its needs. In a context of growing tension between oil producers and international oil companies, ENI pursued an autonomous policy. An internal note written in 1970 emphasised the choice the company faced between ‘maintain[ing] (and expand[ing]) the political credit which it benefits from and try[ing] to take advantage from it, or [...] align[ing] itself with the position taken by the big companies’.²⁰ During and after the 1971 Tehran–Tripoli Agreements, ENI decided not to join forces with the major oil companies, and maintained a neutral position instead.²¹

The company drew on the prestige it had acquired in the oil-producing world during the 1950s and 1960s, while at the same time taking advantage of the opportunities afforded by the decline of the ‘oil

¹⁹Nicolas Badalassi, ‘Sea and Détente in Helsinki: The Mediterranean Stake of the CSCE, 1972–1975’, and Guia Migani, ‘Rediscovering the Mediterranean: First Tests of Coordination among the Nine?’, in *Détente in Cold War Europe*, 61–74 and 193–210; Jeffrey James Byrne, ‘Our Own Special Brand of Socialism: Algeria and the Contest of Modernities in the 1960s’, *Diplomatic History* 33, no. 3 (2009), 427–447.

²⁰ASE, Fondo ENI, Estero, Osservatori Commerciali, b.422, f.1F7F.

²¹ASE, Fondo ENI, Servizio Pianificazione Energia ed Idrocarburi, b.441; ASE, Fondo ENI, Direzione estero, b.293, f.38.

cartel'.²² It strengthened its relations with countries and companies which did not rely on the Suez Canal to transport their oil, and signed a series of treaties with Libya, Algeria, Saudi Arabia, Iraq and the USSR. Furthermore, it obtained concessions in nations which did not belong to OPEC, such as Madagascar, the Congo, Argentina, Colombia, Indonesia, Thailand, Trinidad and Tobago, and Qatar. In most cases, its contracts included the exchange of oil for infrastructures, technology and know-how. Thanks to these agreements, the firm increased the number of its concessions seven-fold, and in 1971 reached a production of 10.5 million tons of crude oil.²³

ENI also decided to invest heavily in the field of natural gas. In 1969, it signed a treaty with the USSR, which involved importing 100 trillion cubic meters of gas over a 20-year period, in exchange for uranium enrichment technology, as well as machinery to be used in the Soviet automobile, chemical and petrochemical industries. The Italian government officially supported the agreements, while at the same time using them to gain leverage in the international energy market. During a meeting held in 1967 between Italian foreign minister Amintore Fanfani and US President Lyndon Johnson's national security advisor Walt W. Rostow, Fanfani 'asked to point out to the Dutch Italy's desire not to depend solely on Soviet natural gas'. He went on to argue that, 'Rostow should (...) try to convince the Dutch to offer us a better deal, in order

²²On international reactions to ENI's decision not to join the Tehran-Tripoli agreements: ASE, Fondo ENI, Direzione Estera, b.441, f.1FBD; Francesco Petrini, 'La crisi energetica del 1973. Le multinazionali del petrolio e la fine dell'età dell'oro (nero)', *Contemporanea* 15, no. 3 (2012): 445-473; Louis Turner, *Oil Companies in the International System* (London: George Allen & Unwin Publishers Ltd., 1978). On ENI's appeal to oil producers: Bini, *La potente benzina italiana*; Elisabetta Bini, 'Fueling Modernization from the Atlantic to the Third World: Oil and Development in ENI's International Policies, 1950s-1960s', in *L'Europe et la question énergétique. Les années 1960/1980*, eds. Alain Beltran, Eric Boussière and Giuliano Garavini (Brussels: Peter Lang, 2016), 41-59.

²³Silvio Labbate, 'L'Italia e l'ENI di fronte alle crisi petrolifere degli anni Settanta', *Nuova Rivista Storica* 98, no. 2 (2014): 477-554; Ilaria Tremolada, 'L'ENI in Arabia Saudita. Dalla concessione mineraria alle conseguenze dello shock petrolifero del 1973', *Nuova Rivista Storica* 98, no. 2 (2014): 567-601; Massimo Bucarelli, 'L'ENI e il petrolio dell'Iraq negli anni Settanta. Tra crisi energetiche e nazionalismo arabo', *Nuova Rivista Storica* 98, no. 2 (2014): 667-731.

to be more competitive with Soviet prices'.²⁴ Following these talks, ENI signed a deal with the Netherlands and built the longest gas pipeline in Western Europe, connecting the Dutch fields to the West German, Swiss and Italian markets.²⁵

ENI's policies were particularly successful in Libya, where the company strengthened its presence even after the country nationalised its oil resources in the early 1970s. Although ENI had been present in Libya since 1959 through the *Compagnia Ricerca Idrocarburi* (Hydrocarbon Research Company), until Ghaddafi's coup in 1969 the US government and US oil companies had constrained its activities.²⁶ In the late 1960s, the Italian government and ENI worked side by side to establish a special relationship with the new leader. Their aim was to reduce Italy's dependence on US oil companies, especially after the Libyan government increased the price of the oil and natural gas it sold to Esso. Despite Ghaddafi's decision to expel Italian citizens, and thanks to Moro's mediating role, in 1971 ENI signed an agreement with the Libyan government, according to which it would build a petrochemical plant in Benghazi and a refinery in Zavia, train Libyan technicians, supply experts in training and development for the Libyan Petroleum Ministry, and assist in organising a Petroleum High Institute. In exchange, the Italian company obtained new exploration permits in Cyrenaica, and created a joint venture which recognised the Libyan General Petroleum Corporation (LIPETCO) as the owner of extraction rights, with the *Azienda Generale Italiana Petroli* (General Italian Oil Company, AGIP) as a partner.²⁷

²⁴Archivio Centrale dello Stato (hereafter ACS), Archivio Aldo Moro (AAM), b.94; Elisabetta Bini, 'A Challenge to Cold War Oil Politics? The US and Italy's Relations with the Soviet Union, 1958–1969' in *Cold War Energy: A Transnational History of Soviet Oil and Gas*, ed. Jeronim Perovic (Basingstoke: Palgrave, 2017), 201–230; Per Högselius, *Red Gas: Russia and the Origins of European Energy Dependence* (New York: Palgrave Macmillan, 2013).

²⁵ASE, Fondo ENI, Presidenza, Raffaele Girotti, b.76, f.3369; ASE, Fondo ENI, Struttura organizzativa, Presidenza, b.262, f.4819. Ekaterina Snegur, *Questioni amministrative della collaborazione russo-italiana nel settore petrolifero (1958–1969)*, Ph.D. dissertation, University of Rome 'La Sapienza', 2013.

²⁶ASE, Fondo ENI, Direzione Estera, b.92, ff.2231 and 2232.

²⁷ASE, Fondo ENI, Direzione Estera, b.202, f.1713; ASE, Fondo ENI, Segreteria del Presidente, Eugenio Cefis, b.28, f. E85; ASE, Fondo ENI, Direzione Estera, b.203, f.1716. Arturo Varvelli, *L'Italia e l'ascesa di Gheddafi. La cacciata degli italiani, le armi e il petrolio* (Milano: Baldini Castoldi Dalai, 2009); Massimiliano Cricco, 'L'ENI in Libia. Dal

In 1972, ENI was one of the first companies to agree to the new terms set by Libya after the Tehran–Tripoli agreements took place, and after the Libyan government nationalised British Petroleum (BP)’s assets and reached a deal with Occidental. The company signed a treaty with the Libyan National Oil Corporation (NOC), recognising its right to own 50% (rather than 51%) of a joint company. Commenting on the agreement, US acting secretary of state John N. Irwin II pointed out that it ‘set an unfortunate precedent for compensation at net book value’, and concluded that ‘a prolonged confrontation with the Libyans seems likely’.²⁸ It was not long before the Libyan government nationalised the US firm Bunker Hunt and acquired control over 51% of other companies, such as Oasis, Esso Standard Libya and Mobil Oil Libya.²⁹

Despite its concerns, the US administration facilitated ENI’s presence in Libya, and acknowledged the importance the Italian company might have in providing cheap fuel to the Italian economy. After all, the importance of Libyan oil for Western Europe’s economy, security and stability could hardly be denied. As one National Security Memorandum put it, ‘Europe is now dependent on Libya for 25% ... of its oil requirements; if Libyan oil were cut off, the shortfall could not be made up within less than one year because of production and transportation problems. [...] Libyan oil is literally the only “irreplaceable” oil in the world, from the point of view both of quality and geographic location.’³⁰

trattato italo-libico del 1956 ai negoziati degli anni Settanta’, *Nuova Rivista Storica* 98, no. 2 (2014): 555–566.

²⁸National Archives and Records Administration, College Park, MD (hereafter NARA), Nixon Presidential Materials, NSC Files, Box 250, Agency Files, National Energy Office, vol. 1, March 1972–Feb 1973, Memorandum from Acting Secretary of State Irwin to President Nixon, 6 October 1972; NARA, RG59, Central Files 1970–1973, PET 3 OPEC, Intelligence Note Prepared in the Bureau of Intelligence and Research, 27 June 1972; James Bamberg, *British Petroleum and Global Oil, 1950–1975: The Challenge of Nationalism* (Cambridge: Cambridge University Press, 2000).

²⁹Massimiliano Cricco, *Il petrolio dei Senussi. Stati Uniti e Gran Bretagna in Libia dall’indipendenza a Gheddafi (1949–1973)* (Firenze: Edizioni Polistampa, 2002); Dirk Vandewalle, *Libya Since Independence: Oil and State-Building* (London: I.B. Tauris, 1998); Judith Gurney, *Libya: The Political Economy of Oil* (Oxford: Oxford University Press, 1996).

³⁰NARA, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-71, Memorandum from Robert Behr and Harold Saunders of the National Security

Algeria was the other main oil-producing country with which ENI established bilateral agreements. In the first half of the 1960s, relations between the company and the Algerian government had been tense. In 1965, the state-owned firm Sonatrach refused ENI's offer of an agreement for the exploration and export of oil and natural gas, since it 'deprive[d] Algeria of its legitimate share of profits, which the country should obtain from a natural resource that belongs to it'.³¹ The fact that ENI had recently signed a deal with Standard Oil (New Jersey) played an important part in shaping Sonatrach's decision, in a context characterised by Boumediene's emphasis on the need for Algeria to nationalise entire sectors of the economy in order to promote its industrialisation.³²

Shortly after the Six Day War, Algeria resumed its talks with ENI, as the country started considering its hydrocarbons an important source of economic development. Despite the fact that in 1967 Algeria broke off relations with the USA and adopted an anti-Western rhetoric, between 1968 and 1969 it signed a series of treaties with several independent companies, in an effort to challenge French economic interests, diversify the energy sector and gain access to Western technology. Firms such as Getty Oil and El Paso Natural Gas, together with German, Italian and Japanese companies, accepted Algeria's terms, and agreed to create joint ventures and, in some cases, have Algerians on the board of directors.³³

In 1967, Sonatrach's chairman Ahmed Ghazali visited Italy and discussed ENI's offer to buy 4 billion cubic meters of natural gas per year. Algeria tried to make the deal part of a much wider redefinition of Algerian-European energy relations, and asked ENI and Italy for technical and financial assistance, as well as access to European

Council Staff to the President's Assistant for National Security Affairs (Kissinger), 20 November 1969.

³¹ ASE, Fondo ENI, Presidenza, Incarichi Speciali, b.73, f.2E92; ASE, Fondo ENI, Struttura organizzativa Presidenza, b.254; ASE, Fondo ENI, Direzione Estera, b.0076.

³² ASE, Fondo ENI, Segreteria societaria, b.1, f.344F; ASE, Fondo ENI, Presidenza, Incarichi speciali, b.73; Miriam R. Lowi, *Oil Wealth and the Poverty of Politics: Algeria Compared* (Cambridge: Cambridge University Press, 2009).

³³ ASE, Fondo ENI, Direzione Estera, b.5; Ali Aissaoui, *Algeria: The Political Economy of Oil and Gas* (Oxford: Oxford University Press, 2001); Roberto Cantoni, *Oil Exploration, Diplomacy, and Security in the Early Cold War: The Enemy Underground* (London: Routledge, 2017).

markets. In the late 1960s, though, ENI was less willing and able than in the past to establish partnerships with oil-producing countries. While Sonatrach proposed to become co-owner of ENI's gas liquefaction plants, the Italian company offered to sign a deal only for the import of natural gas—an offer which the Algerians refused. That same year the two countries agreed to create a joint venture between Sonatrach and the *Ente Minerario Sicilia* (Sicilian Mining Agency, EMS), for the importation and distribution of Algerian gas to Sicily. In 1968, ENI signed a deal to build a 500-km gas pipeline, entirely owned by Algeria, allowing Sonatrach to transport its gas from the desert to the Mediterranean.³⁴

In the early 1970s, relations between Italy and Algeria improved considerably, especially after the nationalisation of Algerian oil in 1971. While France asked for support from its European allies and the USA, and proposed to face oil nationalism through a common policy, the Italian government decided to pursue autonomous relations with the North African country. In June 1971, Moro visited Algeria, while ENI convinced Sonatrach to sign a deal for the import of natural gas. In October 1973, just before the outbreak of the Yom Kippur War, the Italian company reached an agreement with Sonatrach, which established a joint venture in charge of building a pipeline (TRANSMED) linking Algeria to Sicily through Tunisia. The project would have allowed Italy to import 11.7 trillion cubic meters of natural gas per year for 25 years, the equivalent of 70% of the country's energy needs at the time, thus diversifying its energy resources and reducing its dependence on crude oil. For the Algerians, the deal symbolised their ability to become more independent of France, and was accompanied by a series of agreements with other Western European countries. The construction of the pipeline, however, was delayed for several years, mainly because of Tunisia's request for higher revenues. In 1977, the parties signed another contract to import 12.36 trillion cubic meters of natural gas per year for 25 years,

³⁴ ASE, Fondo ENI, Struttura organizzativa Presidenza, b.44, f.15F0; ASE, Fondo ENI, Direzione Estera, b.5, f.7AB; Rosario Milano, 'L'ENI e l'Algeria (1963–1973)', in *Aldo Moro*, 498–533; Hocine Malti, *Histoire secrète du pétrole Algérien* (Paris: La Découverte, 2010).

starting in 1981. The following year, the first stone was laid and in 1983 the TRANSMED pipeline was officially inaugurated.³⁵

THE CONSEQUENCES OF THE OIL 'SHOCK'

In order to cope with the growing power of the oil-producing world, in the early 1970s the USA called for a concerted effort among consumer countries to promote a shared energy policy. The forms of dialogue endorsed by the USA were not limited to energy issues, and aimed at improving relations in a context of deep economic and political tension on both sides of the Atlantic. In Kissinger's view, 1973 was supposed to be the 'Year of Europe' and lead to the signing of a new Atlantic Charter. However, as the oil 'shock' hit consumer countries, a series of differences emerged within the Atlantic bloc, which undermined the forms of multipolarism made possible by *détente*. Whereas the EEC presented itself to oil producers as a privileged interlocutor, the USA feared that a Euro-Arab dialogue might lead to a radicalisation of Arab nationalism, and interpreted Europe's policies as a betrayal of the Atlantic Alliance and of the USA's primacy in it.³⁶

Within this context, the US administration criticised Moro's efforts to pursue an autonomous policy in the Mediterranean, and strengthened its relationship with prime minister Giulio Andreotti, in order to stabilise Italy's domestic situation and consolidate the country's position inside the Atlantic bloc. During an official visit to Washington in spring 1973, Andreotti stressed that Italy would remain aligned to US policies, while

³⁵ASE, Fondo ENI, Struttura organizzativa, Presidenza, b.254, f.47D5; Milano, 'L'ENI in Algeria'; Mark H. Hayes, 'The Transmed and Maghreb Projects; Gas to Europe from North Africa', in *Natural Gas and Geopolitics. From 1970 to 2040*, eds. David G. Victor, Amy M. Jaffe and Mark H. Hayes (Cambridge: Cambridge University Press, 2006), 49–90.

³⁶Keith Hamilton and Patrick Salmon (eds.), *The Year of Europe: America, Europe and the Energy Crisis, 1972–1974* (London: Routledge, 2006); Matthias Schulz and Thomas A. Schwartz (eds.), *The Strained Alliance: U.S.–European Relations from Nixon to Carter* (Cambridge: Cambridge University Press, 2010); Kathleen K. Burk and Melvyn Stokes (eds.), *The United States and the European Alliance since 1945* (Oxford: Berg, 1999); Argyris Adrianopoulos, *Western Europe and Kissinger's Global Strategy* (London: Macmillan Press, 1988); Robert Lifset (ed.), *American Energy Policy in the 1970s* (Norman: University of Oklahoma Press, 2014).

Kissinger reassuringly pointed out that Italy's prime minister could be 'counted on to carry the ball for us with his fellow Europeans'.³⁷

Kissinger, however, was aware of the Italian government's chronic ambivalence. As he later put it:

The Italian leaders wanted to be treated on a level equal with those of European countries of comparable size. But they were not eager to risk a domestic crisis over implementing American designs and, even less, risk relations with other members of the European Community. They sought involvement without controversy; we settled on consultation without commitment'.³⁸

During their talks, Kissinger dismissed Italy's autonomous policies and later wrote that 'Andreotti could not restrain himself from expressing the perennial illusion that Italy could contribute by reasons of propinquity to the solution of the Middle East problem. But while every Italian leader I met advanced this proposition, none acted as if he believed in it'.³⁹

The Italian economy was hit particularly hard by the 1973 oil crisis, which reduced the country's oil imports by 20% (the equivalent of 11% of its energy needs). Despite ENI's efforts to differentiate its sources of energy, 75% of Italy's total needs continued to be provided by oil. In an economic and financial crisis due to the end of the Bretton Woods system, higher oil prices led to rapid declines in industrial production, salaries, occupation rates and private consumption, and to increased inflation. The oil 'shock' thus accelerated growing and widespread social tensions and led to political instability. In this context, for the government and ENI, the possibility of having access to cheap sources of oil became crucial, not only to fuel factories, but also to prevent a social and political crisis.⁴⁰

³⁷Henry Kissinger, *Years of Upheaval* (London: Phoenix Press, 1982), 149.

³⁸*Ibid.*

³⁹Kissinger, *Years of Upheaval*, 150; Umberto Gentiloni Silveri, *L'Italia sospesa. La crisi degli anni Settanta vista da Washington* (Torino: Einaudi, 2009); Valerio Bosco, *L'amministrazione Nixon e l'Italia. Tra distensione europea e crisi mediterranee (1968–1975)* (Roma: Eurilink, 2009); Lucrezia Cominelli, *L'Italia sotto tutela. Stati Uniti, Europa e crisi italiana degli anni Settanta* (Firenze: Le Monnier, 2014).

⁴⁰Patrizia Battilani and Francesca Fauri, *Mezzo secolo di economia italiana, 1945–2008* (Bologna: il Mulino, 2008); Augusto Graziani, 'L'economia italiana e il suo inserimento internazionale', in *Storia dell'Italia repubblicana. L'Italia nella crisi mondiale. L'ultimo ventennio*, ed. Francesco Barbagallo (Torino: Einaudi, 1996), 3:349–398; Adriana

The Italian government reacted to the Arab oil embargo by providing funding for the development of nuclear power plants. Furthermore, it considered the possibility of substituting coal for oil, and of shutting down some of the thermo-electric plants which relied on oil for their main fuel supply. In December 1973, it created a special commission, which included ministries and private oil companies (both Italian and foreign), as well as ENI, with the aim of promoting an 'oil plan' to reduce Italy's dependence on the crude extracted and sold by multinational companies. The government strengthened ENI's position, as a public company representing Italy internationally and meeting its energy needs domestically, and assigned the state a crucial role in dealing with oil producers.⁴¹

Moro's approach to the Arab-Israeli conflict, however, remained cautious. The foreign minister presented Italy as an ally of the Arab world, while at the same time trying not to upset the USA. He endorsed the EEC's 6 November 1973 declaration in support of a just peace between Israel and Arab countries, and advanced the idea that the EEC should promote a cultural dialogue in the Mediterranean. The declaration allowed Italy and the EEC to avoid any further sanctions on the part of Arab oil producers, but it also placed its members in a difficult position *vis-à-vis* the USA, leading the state department to declare that 'the Europeans are seeking their identity in opposition to the US'.⁴² Faced with these criticisms, the Italian government pointed out that its position was merely strategic, in view of its strong dependence on Arab oil and the need to face an economic crisis. In his meetings with US representatives, Andreotti repeatedly denied that Italy's pro-Arab stance represented a threat to its membership in the Atlantic bloc—a stance US Ambassador John A. Volpe understood. As Volpe put it, 'It is clearer than ever that position of Italians and other Europeans towards Middle East is conditioned primarily by their apprehension over threat of oil supply, and that they would welcome a US lead on this aspect'.

Castagnoli, *La guerra fredda economica. Italia e Stati Uniti, 1947–1989* (Roma/Bari: Laterza, 2015).

⁴¹ Magini, *L'Italia e il petrolio*.

⁴² NARA, Nixon Presidential Materials Project, Presidential/HAK Memcons, 'Memorandum of Conversation about US-European Relations', 28 November 1973.

The Ambassador encouraged the USA to assure its support, which he considered to be ‘a determining factor in stiffening the European’s spine in face of Arab oil blackmail’.⁴³

Italy played a particularly important role during the European Summit, held in Copenhagen in December 1973, and aimed at identifying a common policy to solve the energy crisis. The summit proposed to implement new forms of cooperation between the EEC and oil producers, based on the exchange of oil for development aid, and was fully supported by various delegations from Algeria, Tunisia and the Sudan. However, EEC members refused to adopt a shared pro-Arab policy which might create a rift with Israel, nor did they want to upset the USA. As a result, they only agreed to initiate a Euro–Arab dialogue, largely due to pressure from Arab countries.⁴⁴ The position of the US administration before and after the summit was particularly important in shaping European responses. The State Department in fact constantly highlighted the need for Europeans to accept and follow the forms of diplomacy promoted by the USA. Kissinger in particular tended to interpret any differences within the Atlantic bloc as an expression of weakness, which would automatically lead to a strengthening of Soviet positions internationally. In his view, the EEC’s pro-Arab policies represented a challenge to—and almost a betrayal of—US primacy. As he later recalled:

Like the deep frustrations suppressed by a family for the sake of appearances that then explode with disproportionate fury at the first pretext, the accumulated tensions in our alliances suddenly erupted with the outbreak of the Middle East war. The hitherto theoretical arguments about whether American and European interests were always parallel, the until-now

⁴³NARA, Nixon Presidential Materials Project, Country Files, Europe, American Embassy Rome to Secretary of State, 8 November 1973; Caviglia and Cricco (eds.), *La diplomazia italiana*.

⁴⁴Giuliano Garavini, ‘Moro, la Comunità Europea, la distensione nel Mediterraneo’; Emmanuel Mourlon-Druol and Federico Romero (eds.), *International Summitry and Global Governance: The Rise of the G7 and the European Council, 1974–1991* (London: Routledge, 2013); Asaf Siniver, *The October 1973 War: Politics, Diplomacy, Legacy* (London: Hurst & Company, 2013).

abstract debate about the nature and limits of *détente*, burst forth the first day of war.⁴⁵

The US administration thus encouraged EEC members not to pursue an autonomous policy and obtain preferential treatment from Arab producers. Early in December 1973, Kissinger, who was in Brussels for a gathering of NATO ministers of foreign affairs, organised a meeting with Moro. He criticised the EEC's decision to exclude the USA from discussions on energy issues, and expressed his weariness about Italian policies in the Mediterranean. Moro replied by highlighting the strong friendship that bound Italy and the USA together despite the oil crisis, and pointed out that Italy could play a mediating role between the Atlantic bloc and Arab producers. Kissinger, for his part, thanked Moro for his understanding, and put forward the idea that consumer countries should establish an Energy Action Group in order to develop full-scale cooperation in the field of energy policies.⁴⁶

Moro, however, continued to pursue a pro-Arab policy, especially after the Saudi and Algerian oil ministers, Zaki Yamani and Belaid Abdessalam, visited Italy early in 1974. Their visit was part of an extensive tour the two ministers carried out in Western Europe with the aim of encouraging EEC members to adopt a clearer stance on Middle East issues, support Israel's withdrawal from all the territories occupied in 1967, and extend the process of *détente* to the Mediterranean. As they told the British, while the USA and the USSR had pursued *détente* in many contexts, 'the Middle East problem ... seemed to have aroused nothing more than indifference. It had been dismissed as too difficult

⁴⁵Kissinger, *Years of Upheaval*; Daniel J. Sargent, *A Superpower Transformed: The Remaking of American Foreign Relations in the 1970s* (Oxford: Oxford University Press, 2015); Duccio Basosi, *Finanza & Petrolio. Gli Stati Uniti, l'oro nero e l'economia politica internazionale* (Milan: Studio LT2, 2012).

⁴⁶NARA, Nixon Presidential Materials Project, Presidential/HAK Memcons, Memorandum of Conversation between Secretary of State Kissinger and Italian Foreign Minister Aldo Moro, 10 December 1973, quoted in Cominelli, *L'Italia sotto tutela*, 141; Mario Del Pero, *The Eccentric Realist: Henry Kissinger and the Shaping of American Foreign Policy* (Ithaca, NY: Cornell University Press, 2010); Silvia Pierantonio, 'The Year that Never Was': 1973 and the Crisis between the United States and the European Community', *Journal of Transatlantic Studies* 8, no. 2 (2010): 158–177.

and as barely touching the life of Europe'.⁴⁷ At the same time, the two ministers wanted consumers to recognise oil producers' right to control their energy resources. Only a few months earlier, Algeria had hosted the Non-Aligned Movement summit, which called all Third World countries to unite against Western economic policies. It had offered its full support to the Arab oil embargo, and proposed that a special session of the UN General Assembly be devoted to economic issues, thus paving the way for the establishment of the New International Economic Order (NIEO) in the spring of 1974.⁴⁸

Following this visit, Moro gave a speech to the Senate's Foreign Commission, in which he emphasised the need to recognise Palestinian rights and put an end to Israel's aggressive policies. He reminded his audience of the crucial role Italy had played in making the EEC's 6 November 1973 declaration possible. He also highlighted the importance of Italy's long friendship with the Arab world, and the urgency of promoting a Euro-Arab dialogue. As he put it, 'This is not only about guaranteeing oil supplies, but of sharing our various resources to implement an effective form of integration, that [...] makes room for developing countries, which should participate in a common prosperity.'⁴⁹ Moro pointed out that an international policy on raw materials was necessary, and that new forms of international cooperation should be implemented. He argued that, in a multipolar world, Europe had an important role to play, and offered his full support to Algeria's proposal of devoting a session of the UN General Assembly to international economic issues.

It was in this context that Moro travelled to North Africa and the Middle East to establish a series of bilateral relations with Arab countries, thus strengthening ENI's position in the region, particularly in Libya. In 1974, after the Italian delegation to the UN voted in support of the Palestine Liberation Organisation (PLO), the Italian government signed

⁴⁷Record of conversation between the FCO secretary and the Algerian and Saudi Arabian ministers of petroleum, 28 November 1973, quoted in Giuliano Garavini and Francesco Petrini, 'Continuity or Change? The 1973 Oil Crisis Reconsidered', in *Europe in the International Arena during the 1970s. Entering a Different World*, eds. Antonio Varsori and Guia Migani (Brussels: Peter Lang, 2011), 218.

⁴⁸Giuliano Garavini, 'From Boumedienomics to Reaganomics: Algeria, OPEC, and the International Struggle for Economic Equality', *Humanity* 6, no. 1 (2015): 79–92.

⁴⁹ACS, AAM, b.31, 'Discorso del ministro Moro alla Commissione Esteri del Senato', 23 January 1974.

the so-called ‘Jallud–Rumor Protocol’ (from the names of the Italian prime minister Mariano Rumor and the Libyan minister Abdessalam Ahmed Jallud). According to the agreement, ENI would import 30 million tons of oil every year in exchange for technology, training for Libyan technicians, participation of Italian firms in the industrialisation of Libya, particularly in building petrochemical and fertiliser plants, and promoting agricultural development projects. Another treaty signed in 1975, during a visit by Jallud to Italy, assigned ENI a special role in the exploration, extraction and transport of Libyan oil and natural gas. Following the terms of this agreement, Italy increased the value of its oil imports from Libya from 445 million to more than 1.5 billion lire, and more than doubled its exports to Libya.⁵⁰

THE ENERGY CONFERENCE

In February 1974, the USA organised an Energy Conference in Washington, with the aim of defining a shared policy among consumer countries. The conference was a testing-ground for transatlantic relations, and brought to light several differences within the Atlantic Alliance about how international oil politics and relations between oil producers and its consumers should be shaped. Indeed, it marked the decline of a common European approach to the crisis, and led to the establishment of new forms of cooperation across the Atlantic, through the creation of the International Energy Agency (IEA).⁵¹

The USA considered Italy’s participation to be especially important, in view of the economic, social and political crisis the country was undergoing and the threat it posed to European stability. Moro immediately accepted Nixon’s invitation to attend the conference, which he viewed as an ‘initiative that could promote a productive dialogue between all

⁵⁰ACS, AAM, b.139; ASE, Fondo ENI, Direzione Estera, b.203, f.1716; ASE, Fondo ENI, Struttura Organizzativa, Presidenza, b.202, f.4819; ‘L’Agip estenderà le ricerche in Libia di idrocarburi’, *Il Sole 24 ore*, 27 February 1974; Varvelli, *L’Italia e l’ascesa di Gheddafi*; Dirk Vandewalle (ed.), *Libya Since 1969: Qadhafi’s Revolution Revisited* (Basingstoke: Palgrave Macmillan, 2008).

⁵¹NARA, CREST, Central Intelligence Agency (CIA), A Briefing Book for the Washington Energy Conference, 4 February 1974; Henning Türk, ‘The Oil Crisis of 1973 as a Challenge to Multilateral Energy Cooperation among Western Industrialized Countries’, *Historical Social Research* 39, no. 4 (2014): 209–230.

interested countries, to find a quick and fair solution to the oil problem'. While his decision was criticised by large sectors of Italy's public opinion and interpreted as an act of subservience to the USA, Moro could hardly turn down the invitation. Not only was Italy a member of the Atlantic bloc, but it also had to avoid creating any tensions with its main ally. Furthermore, Italy desperately needed access to cheap sources of energy, as the agreements ENI and the government had signed with oil producers were not sufficient to meet the country's needs.⁵²

Moro, however, was worried that Italy's participation in the Energy Conference might lead producers to think that 'this initiative aims at creating a bloc of oil-consuming countries intended to confront, in an antagonistic way, oil-producing countries'. He noted that 'the meeting in Washington should not interfere with the activities promoted in Copenhagen [...] of a direct dialogue between Europe and oil producers, especially those located in the Mediterranean region and in the Near East'.⁵³ Roberto Ducci, director of political affairs in the Ministry for Foreign Affairs, highlighted the importance for Italy of endorsing France's support of a Euro-Arab dialogue, and emphasised the need to link economic and security problems, while at the same time encouraging the government to adopt a cautious stance, in order not to question US policies.⁵⁴

At the conference, Moro supported the idea that the oil crisis should be solved only through international forms of cooperation between oil producers and oil consumers. However, before the conference even started, the debate polarised around US and French approaches to the issue. Faced with foreign minister Michel Jobert's proposal of a Euro-Arab dialogue, Nixon adopted a firm stance. In a meeting with Kissinger, he stated bluntly, 'Tell them they can't do this and expect us to hold our military role in Europe ... If they keep going into business for themselves, it will lead to the USA turning against Europe and opening their weak states to the Soviet Union. That is not in their own interest. We are acting in their interest ... the Foreign Ministers are idiots, except for

⁵²Labbate, *Il governo dell'energia*; Cominelli, *L'Italia sotto tutela*.

⁵³ACS, AAM, b.36, Appunto MAE, 18 January 1974; ACS, AAM, b.31, Appunto del direttore generale degli Affari Politici del MAE, Roberto Ducci, per il ministro Moro, 13 January 1974.

⁵⁴On France's position: Aurélie Elisa Gfeller, *Building a European Identity: France, the United States, and the Oil Shock, 1973-1974* (New York: Berghahn Books, 2012).

Home. Moro, Scheel, Jobert—they're all bad.'⁵⁵ In this context, Moro's arguments remained marginal, and the Italian foreign minister refused to take up a position which could be criticised by the USA. The complex speech he prepared for the Energy Conference was never delivered, as the interpreters refused to translate it, stating that 'it [did not] make any sense anyway'.⁵⁶

Italy remained too weak, economically and politically, to pursue a clearly-defined energy policy, while Moro was profoundly convinced of the importance of maintaining the unity of the EEC and avoid any rupture with the USA.⁵⁷ For some, however, the Energy Conference marked a failure in Italian politics. As ENI manager Marcello Colitti, who was present in Washington, put it, 'This is how Italy's attempt to promote its own energy policy or its own approach to the Third World ended, in ridicule; Moro's untranslatable sentences buried all that we had tried to build in so many years of hard work'.⁵⁸

The Energy Conference represented a turning-point for transatlantic relations. While the EEC proved unable to promote a shared approach to the oil crisis, the USA succeeded in urging Europeans to follow a common energy policy and criticised any country which pursued bilateral relations with single producers. According to Kissinger, 'the close relationship we had sought to achieve in formal declarations came about instead as a result of common necessity, practical arrangements, and a restoration of mutual human confidence. [...] Mid-1974 ushered in one of the best periods of Atlantic cooperation in decades'.⁵⁹ In its relations with oil producers, the US administration established direct bilateral agreements, and pointed out that by doing so it could continue to ensure Western Europe's security and prosperity without having to compromise with the Europeans. As Kissinger put it during a meeting in December 1974: 'Why should we have a multilateral dialogue if the

⁵⁵FRUS, 1969–1976, vol. XXXVI, Energy Crisis, 1969–1974, Memorandum of Conversation, 9 February 1974, 879–880.

⁵⁶Marcello Colitti, *ENI. Cronache dall'interno di un'azienda* (Rome: Egea, 2008), 158; ACS, AAM, b.36., Appunto MAE, Intervento dell'On. Ministro alla conferenza di Washington, 11 February 1974.

⁵⁷ACS, AAM, b.158, Colloquio dell'On. Ministro con l'Ambasciatore Volpe, 29 March 1974.

⁵⁸Colitti, *ENI*, 157–158.

⁵⁹Kissinger, *Years of Upheaval*.

consumers are not organized? Why should we tie France, Italy, and the rest around our necks?’⁶⁰

It was in this setting that, in March 1974, the Italian parliament approved the Oil Plan, which ENI’s chairman Raffaele Girotti defined as ‘the first attempt carried out in our country to plan the development of a sector which is fundamental in meeting the country’s energy needs’.⁶¹ This plan envisaged a ‘public responsibility concerning the satisfaction of the country’s oil needs’, and gave the state and the government the task of strengthening oil-consuming countries’ ability to shape international oil politics. It also encouraged the ‘development [...] of foreign and commercial policies aimed at facilitating and promoting new ways of supplying oil, based on forms of exchange, investments in industrial sectors, and economic cooperation’.⁶²

The Oil Plan assigned ENI a particularly important role. It encouraged the company to expand explorations in Italy and internationally, gave it priority in the refining sector, increased the amount of oil and natural gas it could import from abroad, and raised its endowment fund. As ENI’s house organ put it, by ensuring ‘a consistent presence of the public company in the market—which is a tool of direct government intervention in the oil industry—the country can increase the security of its oil supplies’.⁶³

The approval of the Oil Plan was a particularly important moment in the history of Italian energy policies. On the one hand, it promoted new forms of exchange and cooperation between the state and ENI in international oil politics, and envisaged a new role for Italy in the Mediterranean and the EEC. On the other hand, it strengthened ENI’s

⁶⁰FRUS, 1969–1976, vol. XXXVII, Energy Crisis, 1974–1980, Memorandum of Conversation, 9 December 1974, 89; Fredrik Logevall and Andrew Preston (eds.), *Nixon in the World: American Foreign Relations, 1969–1977* (New York: Oxford University Press, 2008).

⁶¹ASE, Fondo ENI, Programmazione, b.17, f.388E, Raffaele Girotti, ‘La programmazione energetica nazionale in Italia nel quadro della situazione mondiale delle fonti di approvvigionamento’, May 1974; ASE, Fondo ENI, Presidenza Girotti, Segreteria, b.107, f.12F.

⁶²‘Il piano petrolifero’, *Ecos. Rivista a cura dell’ENI*, 13–14 (1974), 54; Raffaele Girotti, ‘Funzioni dell’ENI nella definizione del Piano petrolifero’, *Economia pubblica* 2 (1974): 41–46.

⁶³‘Il piano petrolifero’, *Ecos. Rivista a cura dell’ENI*, 13–14 (1974).

role as a national economic planning tool, by linking the provision of energy resources to the achievement of full employment, the increase of mass consumption, the provisioning of social services, and the end of imbalances between North and South—all symbols of Italy's prosperity and membership in the EEC and the Atlantic community.⁶⁴

However, the Oil Plan was approved too late to be effective, and was never implemented. In many ways, it represented the end-point of the reformist ethos which had characterised the centre-left coalition between the late 1950s and early 1960s. The government refused to give its full support to the plan, and abandoned the idea that Italy should have a clear-cut national and international energy policy.⁶⁵ In the aftermath of the oil 'shock', Italy's energy policies were discussed in terms of national security and sovereignty, rather than international cooperation and economic planning. By the mid-1970s, the forms of multilateralism characteristic of the late 1960s and early 1970s had declined. As discussions about the 'historic compromise' took center stage, the Mediterranean area ceased to occupy a relevant position in Italian politics, only to reappear in the 1980s.

⁶⁴Labbate, *Il governo dell'energia*.

⁶⁵Fabio Lavista, *La stagione della programmazione. Grandi imprese e Stato dal dopoguerra agli anni Settanta* (Bologna: il Mulino, 2010); Briatico, *Ascesa e declino*.

PART III

New Approaches to the International
System and the Influence of Parties'
Political Cultures

The Emergence of Global Environmentalism: A Challenge For Italian Foreign Policy?

Sara Lorenzini

How to turn the negligible concern of a few dreamers into a top international issue: this was the magic performed by the 1972 United Nations Conference on the Human Environment in Stockholm, as environmental activist and journalist Antonio Cederna reported from Sweden in the Italian daily newspaper *Corriere della Sera*.¹ His surprise signalled a near-revolution in the perception of global environmental problems. This chapter focuses on the foreign policy dimension of Italian environmentalism in the 1970s, and argues that the attention paid to environmental issues by Italian politicians was stimulated by an emerging global discourse on the environment. Although it had long been a very limited

¹This chapter draws on argument formulated in: Sara Lorenzini, 'Ecologia a parole? L'Italia, l'ambientalismo globale e il rapporto ambiente-sviluppo intorno alla conferenza di Stoccolma', *Contemporanea*, no. 3 (2016): 395–418.

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point in Italian domestic policy and, to an even greater extent, in its foreign policy, the environment only became a problem on the eve of the 1972 Stockholm Conference. This conference was the first of the mega-conferences, which became characteristic of the United Nations' way of dealing with global concerns.² It became a point of reference on how to reconcile economic development, distribution problems and the side effects of industrial development.

A study of Italian environmentalism around 1972 reveals a series of features typical of Italian politics in the early 1970s, and anticipates the rift between politics and civil society, a characteristic of Italy to this day. It shows how the Italian government used the international arena as an opportunity to promote Italy's status as a middle power. Contrary to the official version, Italian engagement with international organisations was often faint, and the case of the UN Conference on the Human Environment is a clear example. The Italian delegation in Stockholm tried to convey the traditional picture of Italy as a *trait d'union* between the core of Europe and the Mediterranean, a bridge between North and South. The rhetoric of modernisation, typical of the late 1950s and early 1960s, was revived and the country was promoted as a model for environmentally conscious development.

This essay shows the clear-cut distinction between Italian policy-makers and civil society. The new worldwide awareness on environmental issues influenced both the political and the intellectual milieu of Italy. Political leaders were optimistic and trusted technology, while scholars were concerned with the prospect of an ecological disaster. As government and state corporate business were promoting a traditional middle-power foreign policy, Italian experts were active in NGOs and took part in the international debate.

²See Michael G. Schechter, *United Nations Global Conferences* (New York: Routledge, 2005), 27–40.

THE 'SHOCK OF THE GLOBAL' AND THE EMERGENCE OF ENVIRONMENTAL AWARENESS

In the early 1970s, new awareness emerged about what was then called interdependence. There was a sense that the world was growing smaller and was a 'global village', or a 'Spaceship Earth'.³ The 'shock of the global' exposed several problems, which required the attention of the international community as a whole. One of these was the environment, and a new concept of it emerged in the late 1960s. Environmental protection was not primarily a matter of conservation, as it used to be in the tradition of early environmentalism. The environment was now conceptualised as a system that had to be treated scientifically, possibly through a quantitative approach. Within the framework of the social crisis in developed countries, accompanied by doubts about the effectiveness of Western consumer–urban–industrial models, the problem of how to reconcile economic development, socially equitable growth and environmental damage became crucial.

Environmental policies entered the discourse of experts and scientists who met at the conferences of international organisations at the end of the 1960s.⁴ By the early 1970s, the participation of scientists in public discussions on the environment and on the environment–technology nexus became essential. Talking on the topic 'Science and Mankind' in a conference sponsored by the FAO and promoted by UDDA (*Unione Democratica Dirigenti d'Azienda*) in February 1972, scientist Lew Kowarski, a prominent staff member of CERN (Geneva), spoke of the social responsibility of scientists. Attempting to describe their duties in modern society, he stated that scientists should not become 'third class philosophers or amateur sociologists'. It was necessary for them, he argued, to abandon the ivory tower of research and deal with the practical consequences of science in world development.⁵ The ecological balance was one of the more pressing issues faced by scientists.

³ Glenda Sluga, 'The transformation of international institutions,' in *The Shock of the Global*, ed. Niall Ferguson et al. (Cambridge, MA.: Harvard University Press, 2010), 223.

⁴ Jan-Henrik Meyer, 'Appropriating the Environment. How the European Institutions received the Novel Idea of the Environment and made it their own', in Kollegforschergruppe 'The Transformative Power of Europe', KFG-Working Paper No. 31 (Freie Universität Berlin, 2011), 5.

⁵ Lew Kowarski, 'Per una responsabilità sociale degli scienziati', in *La gestione del futuro* (Milano: Franco Angeli, 1973), 179–183.

In the international arena, the first event that singled out the environment as a global concern for scientists was the Intergovernmental Conference of Experts on the Scientific Basis for Rational Use and Conservation of Resources of the Biosphere, also known as the Biosphere Conference. It took place on 4–13 September 1968 at UNESCO's House in Paris, and was convened by UNESCO, United Nations, FAO and WHO, in cooperation with the International Biological Programme. More than 300 delegates from 60 countries took part in the meeting, mostly scientists and experts, but also diplomats. The message given by the conference was that humanity was disrupting the ecological balance of the entire planet. As a consequence, human wellbeing, health and survival seemed in danger because of 'the rapid growth of urbanization, industrialization and population'.⁶ There is no doubt that the Biosphere Conference, together with a series of environmental disasters, especially the 1967 sinking of the tanker *Torrey Canyon* and the 1969 oil spill off the shores of California, broadcast internationally on television, triggered what is now known as 'the spring of ecology' in the early 1970s. At the turn of the decade, the term 'environment' substituted the more technical scientific concept of 'biosphere'. The political issue became how to re-establish an ecological balance, corrupted as it was by human population growth, urbanisation, industrial expansion, resource exploitation and new technologies, while at the same time maintaining and restoring environmental quality.

In Northern Europe, the acid rain became a powerful drive to action. It proved that environmental issues could not be solved at the national level but required attention in the international community. It was the problem of acid rain that prompted a Swedish initiative requesting UN engagement on environmental issues. Preparations for an international conference on the human environment were thus initiated, with a request endorsed by the General Assembly. Legal scholar and passionate UN supporter Louis B. Sohn described what happened at the

⁶ UNESCO 1970: *Use and Conservation of the Biosphere*, Proceedings of the International Conference of Experts on the Scientific Basis for Rational Use and Conservation of the Resources of the Biosphere, Paris 4–13 September 1968, 204.

conference as ‘just the visible tip of the iceberg; a whole mountain of arduous preparatory labor was the necessary prerequisite of the final success’.⁷ The architect of the conference was Maurice Strong, former head of the Canadian Development Agency, who was appointed secretary of the conference and actively mobilised the international scientific community. He commissioned the conference report to biologist René Dubos and economist and journalist Barbara Ward. The report then appeared as *Only One Earth: The Care and Maintenance of a Small Planet*.⁸ Intended as a document to reach a broad readership, it was meant to reach out to public opinion without the filter of national governments. Originally, the publication was to serve as a tool to offer a conceptual framework for the conference and bring together the ideas of several personalities, intellectuals, scientists and policy-makers who were asked to contribute by answering a questionnaire.⁹ Their answers gave an idea of the vast variety of attitudes towards the environment, connected with varying degrees of trust in technology (including atomic energy) and from different stand-points as regards the role of man in ecosystems.¹⁰

⁷Louis B. Sohn, ‘The Stockholm Declaration on the Human Environment’, *The Harvard International Law Journal* 14, no. 3 (1973): 423–515 m here 424. On the conference: Stephen Macekura, *Of Limits and Growth. The Rise of Global Sustainable Development in the Twentieth Century* (New York: Cambridge University Press, 2015); Maurice Strong, *Where on Earth are We Going?* (Toronto: Alfred A. Knopf, 2000).

⁸Barbara Ward and René Dubos, *Only one earth: the care and maintenance of a small planet* (New York, 1972). Italian translation: *Una sola terra. Cura e mantenimento di un piccolo pianeta*, trans. Gina Barnabé Bosisio and Ettore Capriolo (Milano: Mondadori, 1972).

⁹Barbara Ward quoted in John McCormick, *The Global Environmental Movement* (London: John Wiley, 1995), 117.

¹⁰*Only one earth*, XVI. The Italian consultants were: Franco A. Casadio, chairman of the executive Committee of the World Federation of United Nations Associations; Francesco di Castri, director of the Institute of Ecology, University of Southern Chile, vice-chairman of SCOPE (Scientific Committee on Problems of the Environment, Chile); Giuseppe Montalenti, director of the Institute of Genetics, University of Rome and chairman of the Commission for the Protection of Nature, Italian Research Council, Italy; Aurelio Peccei, vice-chairman of Olivetti and chairman of the Club of Rome; Vasco Ronchi, founder and director of the Italian Institute of Optics, Florence, chairman of the International Union of History and Philosophy of Science, and executive officer of the ICSU (International Council of Scientific Unions).

A more general environmental awareness arose in those years. The Council of Europe, for example, devoted the year 1970 to the conservation of nature; internationally, Earth Day was established on 22 April 1970. Environmentalism became a cover story for many magazines: *Time Magazine* called it the problem of the year, while *Life* described it as the movement of the following decade. In Britain, Prime Minister Edward Heath inaugurated a new Department of the Environment, and shortly after that also other countries in Europe followed, such as West Germany and France, and set up ministries for the environment. In the USA, President Richard Nixon encouraged environmentalism, and the US Congress passed the National Environment Protection Act and created an Environmental Protection Agency.¹¹ The USA was ‘the Mecca of the environment’, fittingly explained the French minister for the environment, Robert Poujade.¹² The Nixon administration exported environmental policies to NATO, thus adding to the definition of the environment as a security concern. It urged setting up a Committee on the Challenges of Modern Society (CCMS) within NATO, intending to add a third dimension to the political and military components of Atlantic cooperation.¹³ Members were encouraged to engage in environmental research, share their knowledge and use it as a basis for political decision-making, although some suspected it was a move to divert attention from the Vietnam War. The CCMS served as a vital link between the USA and its West European allies. It was inspired by the OECD precedent of the Committee on Science and Technology Policy, born in 1967 within the Scientific Affairs Directorate headed by the famous Scottish scientist Alexander King.¹⁴ The EEC followed suit, and adopted an Environmental Action Programme in 1973, stressing the concept of conserving the quality of life through reduced pollution and nuisances.

¹¹ McCormick, *The global environmental movement*.

¹² Quoted by Meyer, ‘Appropriating’, 11.

¹³ Stephen Macekura, ‘The limits of the global community: the Nixon administration and global environmental politics’, *Cold War History* 11, no. 4 (2011): 489–518.

¹⁴ Matthias Schmelzer, ‘The Crisis before the Crisis: The “Problems of Modern Society” and the OECD, 1968–74’, *European Review of History: Revue européenne d'histoire* 19, no. 6 (2012): 999–1020, here 1004–1006.

THE PREDICAMENT OF HUMANKIND: RESOURCES, POPULATION AND THE ENVIRONMENT-DEVELOPMENT NEXUS

The Stockholm Conference was prepared as an event and became an opportunity for broad discussions on issues of global concern. It was, therefore, the ideal setting to promote and debate the ideas of the Club of Rome, the international think-tank animated by the Italian economist Aurelio Peccei. A visionary manager, Peccei was identified with Italian capital, in spite of the fact that he was marching to a different drummer. He had had long managerial experience at Fiat Latin America, was involved in the creation of Italy's airline (Alitalia), and was later credited with inventing the engineering consultancy group Italconsult. Chairman of Italconsult in 1972, he personified the passage from optimistic views on the potentials of modernity to the demographic pessimism typical of the 'prophets of doom' of the early 1970s. Together with Alexander King and the mathematician Hasan Özbekhan, a Turkish system thinker and cyberneticist who was then working on a General Theory of Planning, Peccei had promoted a study on global planning known as 'The Predicament of Mankind' (1970). The Volkswagen Foundation financed it. Its results, after a roughly three-year study, were published as *The Limits to Growth*, immediately before the opening of the conference. Officially presented as a preparatory work for the meeting in Stockholm, the report was in sharp contrast to the mood of the conference itself. Although not specifically on the agenda, it was debated in the several meetings and discussions animated by NGOs and activists outside the official premises of the conference, the so-called Environmental Forum. The study used systems analysis, a model put forward by Jay Forrester and developed by a group of scientists headed by Dennis Meadows at MIT, to predict the future outlook of world resources. It anticipated a grim fate for the world if population growth and pollution continued to increase at the same rate. The reception of *The Limits* varied considerably, as can be seen from the headlines it made. *Foreign Affairs* published a review entitled 'The Computer That Printed Out W*O*L*F*', in which it mocked the alarming conclusions of the report. The *New York Times Book Review* defined *The Limits* as 'an empty and misleading work', little more than polemical fiction. A column in *Newsweek* called it 'a piece of irresponsible nonsense'. Nevertheless, the report captured the attention of policy-makers. Sicco Mansholt, for instance, the president of

the European Commission and a supporter of a zero-growth approach, quoted *The Limits* both at the UNCTAD in April 1972 and at the Stockholm Conference.¹⁵

Zero-growth approaches were not welcome at the Stockholm Conference. Leading countries in the South such as Brazil and India protested against it. The environment–development nexus became one of the most controversial points from the very inception of the preparatory work.¹⁶ In the lead-up to the conference, environmental activism was understood by US policy-makers as an instrument to seek bilateral agreement with the Soviet Union, thus promoting *détente*, with a view to generating global consensus. Events showed that this was far from being realistic. Instead of forming a basis for shared worries and policies, the environment became a new battlefield, exposing conflicting interests—both in East–West and to an even greater extent in North–South relations. On 15 December 1969, the General Assembly adopted Resolution 2581 (XXIV) which convened the conference. From the very outset, it was clear that no environmental policy should compromise development opportunities for newly independent countries. Except one meeting (Prague, 2–25 May 1971, organised by the Economic Commission for Europe), all regional seminars and special preparatory meetings revolved around the issue of reconciling the protection of the environment with development.¹⁷ As a basis for their work, they adopted the report of the expert group on the environment and development headed by Maurice Strong in June 1971, the Founex Report. The report was discussed by

¹⁵Quoted in Laura Scichilone, ‘A new challenge for Governance: the UN and the EEC/EU in the face of the Contemporary Ecological Crisis’, in *Networks of Global Governance. International Organisations and European Integration in a Historical Perspective*, eds. Lorenzo Mechi, Guia Migani and Francesco Petrin (Cambridge: Cambridge Scholars Publishing, 2014), 229–248.

¹⁶See *Environment – STOCKHOLM* (published by the Centre de l’information économique et sociale à l’Office Européen des Nations Unies Genève), *Une seule terre*, Conférence des Nations Unies sur l’environnement, Stockholm 5–6 June 1972; Archivio Centrale dello Stato, Rome (hereafter ACS), Italia Nostra, Box 279. A description of the preparatory work is also in Giorgio Nebbia, ‘Verso Stoccolma’, *Natura e Montagna*, Serie III, Anno XII, no. 1 (1972). Full documentation on the conference used for this chapter in Environmental Science and Public Policy Archives, Harvard College Library (hereafter ESPPA), Strong Papers.

¹⁷‘Historique de la conférence’, *Environment—STOCKHOLM*, 16.

the UN regional economic commissions: the Economic Commission for Asia, Bangkok 17–23 August; the Economic Commission for Africa, Addis Ababa, 23–28 August; CEPAL, Mexico City, 6–11 September; the Economic and Social Office in Beirut, 27 September to 2 October. It then moved to the working group SCOPE–UNCHE (Scientific Committee on Problems of the Environment/UN Conference on the Human Environment), which met in Canberra on 24 August to 3 September 1971. It was the most important preparatory document for the conference. It argued that the environment was a critical dimension for the success of any development plan and that every country should fix minimum environmental standards, according to its stage of development and its cultural and social objectives.¹⁸

On the whole, the Stockholm Conference confirmed that international politics was still ideologically divided along the old imperial fault lines. All over the globe, it provided evidence of a widening gap between the perceived interests of the industrialised northern hemisphere and the developing world. The former was worried by the possible consequences of global industrialisation and population growth on the environment and resources. The latter was suspicious of an emerging discourse that was in direct conflict with its developmental ambitions. Discussions took place in both the plenary and in the second commission, which was devoted to the environment–development nexus and resource depletion. There was little support for ideological environmentalism in the Third World. Environmental protection demanded restrictions on human activity to preserve nature from rapacious resource exploitation; limitations, in turn, would slow down or hamper development. In the developing world, environmentalism was at best considered a way of relegating the South to an inferior status. Indira Gandhi, in her famous speech during the Stockholm Conference, claimed that the fault for environmental decay lay in the developed countries’ reckless use of world resources.¹⁹

¹⁸ESPPA, Strong Papers, Box 42, A/CONF.48/10, Development and Environment (Area V).

¹⁹Man and Environment, Plenary Session of United Nations Conference on Human Environment, Stockholm 14th June 1972, <http://lasulawsenvironmental.blogspot.it/2012/07/indira-gandhis-speech-at-stockholm.html> (accessed 10 June 2017).

ITALY AND THE RECEPTION OF ENVIRONMENTAL ISSUES

Around the Stockholm Conference, even a country like Italy, with no traditional interest in environmental issues, included the environment in its political agenda. Until then, the environment had been the monopoly of disparate groups of so-called conservationists, mostly concerned with protecting historical heritage or safeguarding mountain landscapes. The action of the most important environmentalist association, *Italia Nostra*, reflected these priorities. The leading Italian daily newspaper, the *Corriere della Sera*, devoted quite some space to environmental issues. Cederna, who served for quite a long time as *Italia Nostra*'s vice-president, wrote exceptional columns. Around 1968–69, however, environmentalism became also something else. Other issues captured the public's attention: topics like the alteration of the natural balance, the social consequences of pollution or the scarcity of resources. New associations were built, like *Medicina Democratica* or *Geologia Democratica*. Newly founded journals like *Ecologia* and *Sapere* focused on the social character of ecology and aimed at bridging the gap between the scientific community and policy-makers.

In the political arena, the somewhat unexpected protagonist of this new season was Amintore Fanfani, at that time president of the Italian senate. His interest in the environment perhaps came from his son, Alberto, who was a student of entomology at the University of Pavia. Fanfani managed to ride the wave of environmental concerns. On 26 February 1971, he called for the constitution of a committee on the problems of ecology (*Comitato di orientamento sui problemi dell'ecologia*) and introduced the environment into the agenda of the Italian parliament.²⁰ His critics spoke of 'Fanfecology' (*fanfecologia*), and claimed that this new focus was deceiving, just as in the case of Nixon in the USA: it was, they argued, a tool to appease the rebelling youth. Politicians and prominent scientists were on the committee, such as Vincenzo Caglioti, Giovanni Battista Marini-Bettolo (atmosphere), Giorgio Nebbia (environment and economics), Roberto Passino (water), Mario Pavan (fauna) and Ruggero Tomaselli (soil and plants). The experts were called to speak in the Italian senate between April and May.

²⁰Amintore Fanfani, *Strategia della sopravvivenza: proposte 1971–1975* (Roma: Cinque Lune 1975). Members were senators Gatto, Chiarello, Cifarelli, Crollalanza, Del Pace, Dindo, Menichelli, Pecoraro, Rossi Doria and Togni.

The speeches by Caglioti, Pavan and Nebbia were particularly noteworthy.²¹ Vincenzo Caglioti was prominent in the Italian scientific community, and well connected politically. Active in post-war reconstruction in the years of the Marshall Plan, he headed the Rural Development Plan in Calabria and became a member of the development think-tank SVIMEZ (Society for the Development of the *Mezzogiorno*). In 1965 and until 1971 he was the director of the Italian Research Council (*Consiglio Nazionale delle Ricerche*, CNR). In this role, he promoted research on water pollution and hydrological protection of the Italian territory. In his paper, Caglioti touched upon how development should incorporate environmental considerations. He examined the ecological consequences of development projects, quoting the Aswan Dam and malaria eradication projects in Malaysia. He called for the Italian parliament to encourage the Club of Rome and the use of systems analysis to study the consequences of drastic increases either in pollution or world population. He also called for support of the studies conducted by the Agnelli Foundation on contamination in Italy.²² Pavan, who was the director of the Institute of Agrarian Entomology in Pavia, accused the approach of the Italian state of being 'fully deficient and obsolete and at times totally against any ecological interests'.²³ Giorgio Nebbia dealt with how to reconcile economic growth with the necessity of environmental protection. He emphasised the feasibility of investing in environmental clean-up, on the example of the report released in June 1970 by ENI (*Ente Nazionale Idrocarburi*, the Italian hydrocarbon company) on public action against pollution.

The general discussion in the senate following the scientific reports was rather discouraging. Only two speeches delved into the specifics. Minister of scientific research Camillo Ripamonti mentioned the studies promoted by ENI and by its professional agency specialising in water clean-up (Tecneco); Undersecretary of foreign affairs Mario Pedini, who called his colleagues' attention to the imminent opening of the Conference on the Human Environment.

²¹ Senato della Repubblica, *Problemi dell'ecologia*, vol. 1–3 (Roma: Tipografia del Senato, 1971).

²² 'L'uomo e il suo ambiente nella società tecnologica', *Problemi dell'ecologia*, 7–34, here 32.

²³ 'I problemi faunistici nell'ambito dell'assestamento ecologico territoriale italiano', *Problemi dell'ecologia*, 139.

PREPARING FOR STOCKHOLM 1972

National governments were assigned very specific duties in the preparation for the Stockholm Conference. They were obliged to submit country reports on pollution and anti-pollution policies, serving as a documentary basis for discussion. In about thirty pages, they were to cover issues such as demographic trends, characteristics of human settlements, rural–urban relations, impact of industrial settlements on the environment, health conditions, use of natural resources, economic policies to balance economic development and the environment, studies on pollution, and laws to discourage pollution and environmental degradation. Also, they were to suggest measures at international level.²⁴ They were also strongly advised to inform the general public about the important event which was to take place in Stockholm.

The actions of the Italian government were deficient. It was hardly a surprise, given the persistent instability of the government in the preceding months. Italy had shown an early eagerness, with Aldo Moro who in 1969 anticipated Italian firm commitment to the Stockholm Conference and his trust in progress (by which he meant technology) as a tool to promote peace and safeguard the environment.²⁵ The Italian diplomat Giovanni Migliuolo was heading the Intergovernmental Working Group in charge of drafting a Declaration on the Human Environment to serve as a basis for discussion.²⁶ Nevertheless, regarding the preparation of the national report, the performance of the Italian administrative machinery was frankly embarrassing. Although Undersecretary Mario Pedini, in parliament and elsewhere, had emphasised the importance of the event and had praised the special commission set up by the Ministry of Foreign Affairs, the Italian government was very late in presenting its report. Reports were due on 31 March, several weeks before the opening session. Italy handed in its report last minute. Prepared by the CNR, it was a 172-page document, much longer than the prescribed size. It exposed

²⁴Giorgio Nebbia, 'Tre livelli di azione per proposte concrete', *Il Giorno*, 16 November 1971.

²⁵Aldo Moro, Speech at the XXIV session of the UNGA (1969), in Luciano Tosi, *Sulla Scena del mondo. L'Italia all'Assemblea Generale delle Nazioni Unite 1955–2009* (Napoli: Editoriale Scientifica, 2011), 168.

²⁶Stone, 429.

both legislative failures and wholesale abuse of natural resources.²⁷ Curiously enough, at the beginning of the conference Undersecretary Pedini circulated a translation of the ENI report on water clean-up technology. It was now renamed ‘Economic costs and benefits of an antipollution project in Italy: summary report of a preliminary evaluation: special issue for the United Nations Conference on the Human Environment, Stockholm, 5–16 June 1972’.²⁸ This document was officially distributed to serve as an instrument to help developing countries deal with water pollution, but primarily it advertised Italian technology.

Notwithstanding the request of the UN institutions to inform national public opinions on the Stockholm Conference, there was no official Italian action in this sense, and the media were more or less silent on the topic, with the only exception of the daily newspaper *Il Giorno*. Starting on 9 November 1971 and until the end of the negotiations, *Il Giorno* featured a series of short articles by Giorgio Nebbia introducing the issues at stake, together with a summary of *Only One Earth*, the book that constituted the intellectual blueprint for the conference itself. Other newspapers did not heed Stockholm until the opening of the conference itself. Only after that did the Italian press send reporters, most of whom were environmental experts of some kind.

Although the Italian government had done little to prepare public opinion for the opening of the Stockholm Conference, the environment had already become an issue, thanks also to the translation of several key works on ecological thinking. *The Environmental Revolution* had been translated by Garzanti at the end of 1971 as *La rivoluzione ambientale*. In early 1972, other important translations appeared: Barry Commoner’s *The Closing Circle* was rendered as *Il Cerchio da Chiudere* by Garzanti; Laterza translated Edward Goldsmith and Robert Prescott-Allen’s *A Blueprint for Survival* as *La morte ecologica: progetto per la sopravvivenza*; the Club of Rome’s report on *The Limits to Growth* was translated as *I*

²⁷Antonio Cederna, ‘Sotto accusa l’Italia per gli “scandali” ecologici’, *Corriere della Sera*, 10 June 1972.

²⁸Istituto per gli Studi Sviluppo Economico e il Progresso Tecnico (Tecneco), Economic costs and benefits of an antipollution project in Italy: summary report of a preliminary evaluation: special issue for the United Nations Conference on the Human Environment, Stockholm, 5–16 June 1972 (Roma: Istituto per gli Studi Sviluppo Economico e il Progresso Tecnico-Ente Nazionale Idrocarburi, 1952).

limiti dello sviluppo.²⁹ These works nourished debates on the strategies to take proper care of the environment.

ITALY IN STOCKHOLM

Italy's participation in the conference was multifaceted.³⁰ There was the official delegation; there were Italian press correspondents, often scientists or activists; and there were NGOs, for instance, *Italia Nostra*, which organised a very successful exhibition in the Environmental Forum, the counter-conference taking place just outside the premises of the official conference.

The Italian delegation was formed of politicians, diplomats and prominent scientists with particular experience in international conferences. Vincenzo Caglioti, honorary chairman of the Italian National Research Council (CNR), was responsible for writing the report. Geneticist Giuseppe Montalenti, president of the CNR's ecology commission, who had been the Italian representative in the 1968 Biosphere Conference, flanked him. Carlo Polvani, a member of the Italian Committee of Nuclear Energy, also assisted. Other prominent personalities served as experts or observers. Several Italians took part in the conference as members of other delegations. Giorgio Nebbia was there as a member of the delegation of the Holy See. World-renowned geneticist Adriano Buzzati Traverso was an associate to the UNESCO delegation. Soon after the conference, at the end of his work for UNESCO, he was appointed senior scientific advisor in UNEP (United Nations Environment Programme), the agency directed by Maurice Strong with the task of

²⁹Max Nicholson, *The environmental revolution: a guide for the new masters of the world* (London: Hodder & Stoughton, 1970), Italian translation: *La rivoluzione ambientale* (Milano: Garzanti, 1971); Barry Commoner, *The Closing Circle: Nature, man, and technology* (New York: Bantam Books, 1972), Italian translation: *Il Cerchio da Chiudere*, (Milano: Garzanti, 1972); Edward Goldsmith and Robert Prescott-Allen, *A Blueprint for Survival*, (in *The Ecologist*, v. 2, no. 1, Jan. 1972) appeared as *La morte ecologica: progetto per la sopravvivenza* (Roma-Bari: Laterza, 1972); *The Limits to Growth* was translated *I limiti dello sviluppo* (Milano: Edizioni scientifiche e tecniche Mondadori, 1972).

³⁰The documents quoted in the following description of the Italian action in Stockholm, including official records and newspaper clippings, are drawn from the private archive of Giorgio Nebbia in Rome.

applying the environmental programmes discussed in Stockholm.³¹ Francesco di Castri worked with the Secretariat and represented Latin American scientists, given that he was teaching at the University of Santiago (Chile). A founding member and vice-president of SCOPE, chairman of the international programme 'Man and Biosphere' and later (1974) the first director of the UNESCO Division of Ecological Sciences, di Castri was a key figure at the Stockholm Conference.³² The most significant and possibly most cumbersome Italian presence in Stockholm, however, was Aurelio Peccei, who was there not as a participant in the Conference but as a speaker in the Environmental Forum.

Italian participation in the conference, including the preparation of the official report, was managed by Office VIII, DG Economic Affairs in the Ministry of Foreign Affairs.³³ The minister of scientific research, Fiorentino Sullo, headed the delegation; his deputy was Mario Pedini, undersecretary of foreign affairs. Immediately after the inauguration of the conference, however, the ministers left, and the diplomat Carlo Calenda was put in charge. The delegation included scientists and a few representatives of large companies. Giovanni Berlinguer, of the Italian Communist party, commented that they represented a distinguished group 'of authoritative polluters'.³⁴ Environmental movements were barely represented. Why did the Italian government choose a low profile delegation? Perhaps this reflected the limited importance attributed to negotiations on the environment. Perhaps it was just another tale of poor preparation, a pattern that has been described as typical of Italian action in the UN framework.³⁵ The weakness of Italian arguments in Stockholm gave way to the Communist party's allegation, according to which the government was the accomplice with Italian capitalists in ruthless exploitation of nature.

³¹On Buzzati Traverso, see Francesco Cassata, *L'Italia intelligente: Adriano Buzzati-Traverso e il Laboratorio internazionale di genetica e biofisica* (1962–69) (Roma: Donzelli, 2013), 394–396.

³²Francesco di Castri, 'La diffusione nel mondo del pensiero di Valerio Giacomini', *Rivista della Federazione Italiana Parchi e delle Riserve Naturali*, no. 36 (June 2002).

³³Giorgio Nebbia, 'Proposta dell'Italia', *Il Giorno*, 7 December 1972.

³⁴Giovanni Berlinguer, 'Ecologia e politica', *Rinascita*, no. 25, 23 June 1972, 20.

³⁵Lorella Tosone, 'Trade and Aid. L'Italia alla Conferenza delle Nazioni Unite sul Commercio e lo Sviluppo (1964–1972)', *In dialogo*, 227–260, here 240.

In Stockholm, Italy showed an attitude typically sympathetic with the developing countries' demands and with their prioritisation of development over the environment. The connection between economic development and the environment was a traditional concern for Italian politicians.³⁶ The words of minister Sullo echoed Pope Paul VI and referred to hunger, epidemics and high mortality rates as the 'authentic pollution of underdevelopment'. Sullo claimed that Italy was familiar with the Third World's predicament. While the North was suffering the problems of pollution typical of developed countries, the South was facing the environmental threats typical of backward areas, which were striving for economic and industrial development.³⁷ The Italian press was very critical of this attitude. Antonio Cederna, for example, attacked Sullo's speech: weak and unproductive, he argued, it dealt with universal, generalised problems to avoid more urgent issues.³⁸ The press also attacked the Italian report prepared for the conference because it did not offer a full picture of environmental threats. It confronted the incomplete and often contradictory legislation, the scant consideration of the common goods and the excesses of land reclamation.³⁹

During the conference, Giorgio Nebbia recalls, Italy adopted a very careful attitude.⁴⁰ It aligned with the USA and in general with the industrialised countries, shunning debate on nuclear tests; it rarely opposed the Holy See, with the one exception of the vote on Article 26 of the Declaration on the Human Environment on Nuclear Weapons.⁴¹ Except for *Il Giorno*, the Italian press did not cover the conference preparation. Public opinion was poorly informed, but this was hardly the exception, as for media coverage of international events.⁴² During the conference itself, things changed just a little. Some newspapers, like the industrialists' *Il Sole 24 Ore*, just ignored it, but many sent their correspondents:

³⁶See Piero Bevilacqua and Gabriella Corona (eds.), *Ambiente e risorse nel Mezzogiorno contemporaneo* (Cosenza: Meridiana Libri, 2000).

³⁷Giorgio Nebbia, 'Un confronto di iniziative', *Il Giorno*, 9 June 1972.

³⁸Antonio Cederna, 'Sotto accusa l'Italia per gli "scandali" ecologici', *Corriere della Sera*, 10 June 1972.

³⁹'Rapport du Gouvernement Italien', 1.1.41, 197 pages; Giorgio Nebbia, 'Dopo Stoccolma', *Sapere* 73 (December 1972), 15.

⁴⁰Interview of the author with Giorgio Nebbia, 13 February 2014.

⁴¹Mario Fazio, 'Difficile intesa al congresso di Stoccolma', *La Stampa*, 14 June 1972.

⁴²Giorgio Nebbia, 'Una sola Terra è uscito', *Il Giorno*, 23 May 1972.

Giorgio Nebbia for *Il Giorno*, Cederna and Alfredo Todisco for the *Corriere della Sera*, Buzzati Traverso for *La Stampa*, Cino Sighiboldi for *L'Unità*, and Virginio Bettini for *L'Avvenire*. They tended to focus on the tension between environmental and developmental objectives, on population, pollution and the scarcity of resources. All praised the contribution by Barry Commoner, who was critical of the excesses of the consumer society. His speech, given on 8 June, was considered seminal.⁴³

On the eve of the opening, *Il Sole 24 Ore* did not even mention the Stockholm Conference. It published a review of *The Limits to Growth* instead. The review was mimicking the criticism advanced by the *The Economist* and *Business Week*.⁴⁴ Conversely, *L'Unità* extensively covered the conference, stressing its anti-US contents. It emphasised the standpoint of the Soviet Union, the initiatives of the developing countries and the main arguments put forward by China and India. Much space was reserved for Indira Gandhi's speech and her allegations against the USA, which she accused of hampering Third World development through the false problem of pollution. Pollution was a consequence of the production of futile goods, loss of values and ignoring others' rights.⁴⁵

THE WORLD'S MOST DANGEROUS POLITICAL ISSUE

Notwithstanding initial scepticism, the Stockholm Conference went down in history as a great success.⁴⁶ It ended with the feeling that many nations had taken the environmental issues seriously, notwithstanding the underlying political and economic tensions that beleaguered negotiations. The political clash between North and South was on the right to development and the right to deplete resources accordingly. It was not clear whether the tensions had been resolved, or whether conflicts over resources arising from an increased need for development would persist.

⁴³Antonio Cederna, 'La guerra nel Vietnam è anche un annientamento della natura', *Corriere della Sera*, 9 June 1972.

⁴⁴Pietro Terna, 'Abbiamo già vissuto l'età dell'oro', 2 June 1972.

⁴⁵'Ferma polemica della Gandhi con l'occidente capitalistico', *L'Unità*, 15 June 1972.

⁴⁶Richard N. Gardner, 'The Stockholm Conference: Assessment and Follow-up', SIOI, 5 July 1972, in ACS, Italia Nostra, Box 693. Professor of law and international organisation at Columbia University, Gardner was a special consultant on legal and organisational problems to Secretary-General Maurice Strong.

This still was ‘the world’s most dangerous political issue’, argued Barry Commoner in his remarks.⁴⁷

The Stockholm Conference boosted the resonance of works on the use and abuse of natural resources and led to further discussion on ‘zero-growth’ hypotheses. In fact, Stockholm and *The Limits to Growth* mutually reinforced each other. Before the Conference, the report of the Club of Rome received scant attention in Italian media, except for specialised journals such as *Futuribili*, *Ecologia* and *Sapere*. The only exception was the *Corriere della Sera*, with the review by Buzzati Traverso, the famous geneticist, who later became a member of the Club of Rome. In the summer of 1972, discussion about *The Limits to Growth* resurged with Cino Sighiboldi’s article ‘*I teorici della crescita zero*’, published in *L’Unità*.⁴⁸ Commentators attacked what they called the Malthusian showdown and the ‘new business of ecology’, particularly the anti-pollution technologies developed and sold by ENI.⁴⁹ Both the Communists and the New Left were highly critical on environmentalism. They contended that it was a way of disguising reactionary theses, an ideological operation directed by ‘a very exclusive group of technocrats and managers with an international dimension’, desperate to avoid the structural crisis of capitalism.⁵⁰

The Stockholm Conference was crucial not just because of the measures stemming from it, the so-called ‘standard toolbox’: research, education and international cooperation. In the eyes of the developing countries, it was crucial because it introduced the two concepts of additionality (additional aid to cover the costs of environmental protection) and compensation (compensatory aid to offset the loss of revenue from environmentally friendly reforms). More broadly, it was crucial because of its impact on world public opinion. In Italy, however, the impact was very limited. Nebbia bitterly commented that there was no evidence that the Stockholm recommendations had in any way influenced Italian policies on the management of natural resources.⁵¹ ‘Ecology

⁴⁷ Barry Commoner, ‘Motherhood in Stockholm’, *Harper’s Magazine*, 1972.

⁴⁸ Cino Sighiboldi, ‘I teorici della “crescita zero”’, *L’Unità*, 24 June 1972.

⁴⁹ Berlinguer, ‘Ecologia e politica’, *Rinascita*, no. 25, June 1972; Sighiboldi, ‘I teorici’.

⁵⁰ Giovan Battista Zorzoli, ‘Limiti dello sviluppo o limiti del capitalismo?’, in *Fabbrica e stato*, July–October 1972. On the reception of *Limits to Growth*, see Luigi Piccioni, ‘Forty Years Later. The Reception of the Limits to Growth in Italy, 1971–1974’, *I Quaderni di Altronoventesimo* 14, no. 2 (2012): 5–53.

⁵¹ Giorgio Nebbia, ‘Dopo Stoccolma’, *Sapere*, 1972, 755, 15.

is at the front of our minds', announced Pier Luigi Romita, the minister of scientific research, talking in the first national conference on the environment held in Urbino in 1973. However, he did not mean that Italian politicians had resolved to engage in the safeguard of the environment. Quite the contrary: environmental protection was not even on the to-do list.⁵² From the opposition, Giovanni Berlinguer was very critical in this respect. He spoke of what he called 'the anomalies of Italian environmental actions': turning over research into the environmental consequences of industrial pollution to associated companies (Confindustria, ENEL, ENI, Fiat and Montedison), instead of constituting a state agency. Debates in the domestic arena developed further in the early 1970s, with a focus on the distribution of responsibilities between regional and central authorities, while environmental degradation was visible and disaster was looming. The energy crisis was soon to turn zero-growth ideas and the prospect of a steady-state economy into scientific and morally acceptable reasons for austerity policies. Due to the influence of international politics and the new global perception of the environment, Italian environmentalism changed significantly in the 1970s. Originally a niche movement with a marked conservationist approach (defence of nature and endangered species, safeguarding of the landscape, with strong connections with tourism), it was turned into a modern ideology, with concepts of environmental impact and biodiversity, attracting the attention of both public opinion and the political realm.⁵³ However, there was an apparent rift between words and deeds. Italy showed a 'weak and poorly qualified' presence in the debate and at international meetings on environmental issues—before, during and after Stockholm.⁵⁴ It was not because of a lack of qualifications, since Italian intellectuals figured prominently in both international networks and the scientific debate over environmental issues. The problem was the gap between technical knowledge circulating in civil society and the fundamental indifference of the political realm.

⁵²Speech held by Giovanni Berlinguer, Urbino, 30 June 1973, in ACS, Italia Nostra, Box 200.

⁵³Meyer Edgar H., *I pionieri dell'ambiente. L'avventura del movimento ecologista italiano. Cento anni di storia* (Milano: Carabà edizioni, 1995), 13.

⁵⁴Luigi Piccioni and Giorgio Nebbia, 'I limiti dello sviluppo in Italia. Cronache di un dibattito 1971–74', *I Quaderni di Altronovecento*, no. 1, 2011 in http://www.fondazionemicheletti.it/altronovecento/allegati/6677_2012.3.20_Altro900_Quaderno_1.pdf (accessed 6 April 2017).

Air, Space and Techno-Scientific Innovation in Italian Foreign Policy During the 1970s and 1980s

David Burigana

INTRODUCTION: EXPERTS AND POLITICIANS IN SCIENCE AND TECHNOLOGY, A PROBLEM OF DEMOCRATIC RELIABILITY?

During the 1970s and 1980s in Italy, with the emerging complexity of techno-scientific problems in a strategic field of Italian industry, and the ever-increasing high costs of scientific research and development, the international dimension of techno-industrial innovation became inevitable. Gathering techno-scientific know-how, as the USA had done after the Second World War through transnational interactions among scientists, as in the case of intergovernmental agencies, was not the only solution.¹ Since the second half of the 1960s, the crucial questions had been how

¹ See, for instance, AGARD (Advisory Group for Aeronautical, later Aerospace, Research and Development of NATO): Jan van der Blik (ed.), *AGARD. The History (1952–97)* (Paris: Research and Technology Agency, 1997); NATO Archives, Brussels, S.G. 110/4,

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to participate in international cooperation and how to enter multilateral projects in order to achieve techno-scientific and industrial know-how.² The latter step thus attempted to take advantage of an increased role.³ This lay at the base of Italian policy for techno-scientific cooperation in Europe,⁴ and the USA.⁵ The other option—for the ‘great’ powers only—was to cooperate, in order to gain the leadership of a specific multilateral project and thus directly control their own research and industrial systems in a favourable sense, thanks to their nation-wide capabilities. Faced with the US incumbent position,⁶ France and Great Britain attempted this strategy.⁷ Science and technology therefore

Report, Research and Development Committee and Logistic and Material Planners Standing Group, 5 February 1954, Object: Continuation of AGARD; Ibid., SGM-169-54, Memorandum, Military Committee-Standing Group to General Secretary, 5 February 1954, Object: Permanent activation and financing of AGARD; David Burigana, ‘Des “valeurs” en action? L’AGARD, ou la Communauté Atlantique de “savants” hommes d’entreprise de l’aéronautique européenne (1952–69)’, in *European Community, Atlantic Community?*, eds. Valérie Aubourg, Gérard Bossuat and Gilles Scott-Smith (Paris: Soleb, 2008), 366–389.

² Michelangelo De Maria, Lucia Orlando and Filippo Pigliacelli, *HSR-30, Italy In Space 1946–1988* (Noordwijk: ESA Publications Division, 2003); Lorenza Sebesta, ‘Un nuovo strumento politico per gli anni Sessanta. Il *technological gap* nelle relazioni euro-americane’, *Nuova Civiltà delle Macchine* 31, no. 2 (1999): 129–151.

³ Giovanni Caprara, *Storia Italiana dello Spazio. Visionari, scienziati e conquiste dal XIV secolo alla Stazione spaziale internazionale* (Torino: UTET, 2012); David Burigana, ‘L’“atlantista europeista”? L’Italia e la cooperazione aeronautica in Europa (1955–1978)’, in *Storie di Armi*, eds. Nicola Labanca and Pier Paolo Poggi (Milano: Unicopli, 2009), 75–100.

⁴ Filippo Pigliacelli, *Una nuova frontiera per l’Europa. Storia della cooperazione spaziale europea (1958–2009)* (Bologna: CLUEB, 2006).

⁵ David Burigana, ‘The European search for aeronautical technologies, and technological survival by co-operation in the 1960s–1970s: with or without the Americans? Steps, ways, and hypothesis in international history, *HumanaMente*, no. 16 (April 2011): 69–104.

⁶ For instance, in aeronautics: Jeffrey A. Engel, *Cold War at 30,000 feet. The Anglo-American Fight for Aviation Supremacy* (Cambridge Mass.: Harvard University Press, 2007); Kenneth Owen, *Concorde and the Americans. International politics of the supersonic transport* (Washington D.C.: The Smithsonian Institution Press, 1997); Annabelle May, ‘Concorde. Bird of Harmony or Political Albatross: An Examination in the Context of British Foreign Policy’, *International Organization* 33, no. 4 (1979): 481–508.

⁷ David Edgerton, *Science, Technology, and the British industrial ‘decline’ (1870–1970)* (Cambridge: Cambridge University Press, 1996); Keith Hayward, *International Collaboration in Civil Aerospace* (London: Pinter, 1986); Francis Lynch and Lewis

inevitably became key factors in any bi- or multilateral policy, even for 'medium' powers, or simply for countries engaged in development.⁸

One way of judging the effectiveness of a state in achieving, promoting and defending its techno-scientific innovation is to analyse its complex decision-making processes or, more exactly, to cast light on the interplay between experts/advisors and political stakeholders. In science and technology, politicians potentially depend on such figures, as the British cabinet minister, Richard Crossman, stated: 'How can Cabinet come to a sensible decision, when none of us know what these things really are?' The most famous advisor of Her Majesty's government, Solly Zuckerman, replied: 'How indeed can Cabinets come to sensible judgements about the political consequences of technological ideas which they do not usually have the time even to try to understand?'⁹ Politicians may depend on technicians to such an extent that they imagine that political stakeholders or representatives choose only one of a series of options pre-selected by experts. Politicians consequently risk appearing to be entrapped by experts/advisors. They may then suggest an only apparently diversified series of options, when in fact those options are presented so skillfully that they are persuaded that the best choice is contained in the dossier indicated by those experts, privileged beyond the decisions of politicians. In any case, the

Johnman, 'Technological non-co-operation: Britain and Airbus (1965–69)', *Journal of European Integration History* 12, no. 1 (2006): 125–127; Pascal Griset (ed.), *Georges Pompidou et la modernité: les tensions de l'innovation (1962–74)* (Brussels: PIE-Peter Lang, 2006); Emmanuel E. Chadeau (ed.), *Airbus, un succès industriel européen* (Paris: Ed. Rive Droite, 1995); David Buirgana, 'L'industrie aéronautique française et l'Europe depuis les années 1950: entre ancrage territorial et coopérations internationales', in *Entreprises de haute technologie, Etat et souveraineté depuis 1945*, eds. Patrick Fridenson and Pascal Griset (Paris: Comité pour l'Histoire économique et financière de la France, 2013), 283–298.

⁸John Krige, *American Hegemony and the Postwar Reconstruction of Science in Europe* (Cambridge Mass.: MIT Press, 2006); David Burigana, 'Technology, a key factor in International History? The historiography and the interplay between experts and political decision-makers from Europe to international arena', in *Hommes et réseaux: Belgique, Europe et Outre-Mers. Liber amicorum Michel Dumoulin*, eds. Vincent Dujardin and Pierre Tilly (Bruxelles: PIE Peter Lang, 2013), 213–222.

⁹Richard Crossman, cabinet minister (1964–1970), *Diaries of a Cabinet Minister* and Solly Zuckerman, HMG's chief scientific advisor (1960–1993), *Monkeys Mend and Missiles*, both quoted in John Peyton, *Solly Zuckerman: A Scientist Out of the Ordinary* (London: Murray, 2001), 131.

latter has the last word. Politicians are responsible for the last step in the decision-making process, but experts share that decision. Clearly, defining the roles of experts/advisors on one hand and stakeholders on the other, allows us to examine the political responsibility of a national establishment as regards successful innovation and development or, alternatively, their failure to achieve this.

According to research on technology as a key factor in foreign policy,¹⁰ the role of the interplay between experts and politicians may be identified by examining a specific technological field. Although in complex historical reconstructions of scientific development policies, as in the case studies on EEC and EU scientific policies, simply to verify the effectiveness of a specific governmental policy,¹¹ a specific field must be examined, in order to identify the technological turning-points which allowed the innovation in question. Some researchers have preferred the nuclear field,¹² others electronics¹³: here, it is aeronautics, combined with aerospace studies. These were perceived until the 1980s as highly productive

¹⁰See John Krige and Kai-Henrik Barth (eds.), *Global Power Knowledge. Science and Technology in International Affairs* (Chicago: University of Chicago Press, 2006).

¹¹Arthe Van Laer and Eric Bussière, 'Recherche et technologie ou la sextuple tutelle des États sur la Commission, éternelle mineure', in *La Commission européenne (1958–72). Histoire et mémoires d'une institution*, eds. Michel Dumoulin et al. (Luxembourg: Office for Official Publications of the European Communities, 2007), 507–522; Arthe Van Laer, 'Vers une politique de recherche commune. Du silence du Traité CEE au titre de l'Acte unique', in *Trends in Technological Innovation and the European Construction. The Emerging of Enduring Dynamics?*, eds. Christophe Bouneau, David Burigana and Antonio Varsori (Brussels: Peter Lang, 2010), 77–96; Luca Guzzetti and John Krige (ed.), *History of European Scientific and Technological cooperation* (Luxembourg: EEC, 1997); Luca Guzzetti (ed.), *Science and Power: the Historical Foundations of Research Policies in Europe* (Luxembourg: EEC, 2000).

¹²Mauro Elli, *Politica estera ed ingegneria nucleare. I rapporti del Regno Unito con l'Euratom (1957–63)* (Milano: Unicopli, 2007); Id., 'Scienza e ragioni di politica estera nel Regno Unito. Il caso della Harwell Reactor School (1954–63)', *Ventesimo Secolo* 9, 2010, 93–114; Id., 'La cooperazione nucleare in Europa: il caso dell'ENEA', in *Le sfide della pace*, eds. Alfredo Canavero, Guido Formigoni and Giuseppe Vecchio (Milano: LED, 2008), 11–127.

¹³Jean-Pierre Brulé, *L'Informatique malade de l'État* (Paris: Les Belles-Lettres, 1993); Pascal Griset (ed.), *Informatique, politique industrielle, Europe: entre Plan Calcul et Unidata* (Paris: Institut de l'Histoire de l'Industrie/Ed. Rive Droite, 1998); Pierre Mounier-Kuhn, *L'Informatique en France, de la seconde guerre mondiale au Plan Calcul. L'émergence d'une science* (Paris: PUPS, 2010); Alain Beltran and Pascal Griset, *Histoire d'un pionnier de l'informatique. 40 ans de recherche à l'Inria* (Paris: EDP, 2007).

spheres of advanced technologies. In the case of aerospace, in addition to electronics, there are light metals, alloys, aluminium and titanium, or carbon-composite technology. In aerospace, for instance, thanks to the reproduction of wings within European and US aircraft cooperation, Italian public and private enterprises—mainly Fiat Avio,¹⁴ and the Finmeccanica group¹⁵—consolidated their abilities in these new technologies, in order to be able to participate in aerospace cooperation for rocket frames.¹⁶

POLITICIANS AND THE ADVANCE OF SCIENCE AND TECHNOLOGY IN ITALY

By the 1980s, electronics and biotechnologies had advanced to the extent that the Italian minister for coordination of research initiatives on science and technology, the Catholic Democrat Luigi Granelli (July 1983–July 1987),¹⁷ added them to aerospace and aeronautics as key fields in the Plan for the advance of Universities, Research Centres and Industries, which gives us some idea of Italy's increasing engagement in favour of techno-scientific innovation. Lacking a plan for development in the field of strategic technologies with a large and uncontrolled dispersion of resources,¹⁸ Granelli exploited Italian Law 46/1982 on

¹⁴David Burigana, 'Aéronautique et aluminium entre innovation technologique, survie nationale et leadership, de l'entre-deux-guerres à la concurrence Boeing/Airbus', in *Aluminium. Du métal de luxe au métal de masse (XIXe–XXIe siècle): From precious metal to mass commodity (19th–21st century)*, eds. Dominique Barjot and Marco Bertilorenzi (Paris: Presses Universitaires de Paris Sorbonne, 2014), 107–130.

¹⁵Vera Zamagni, *Finmeccanica* (Bologna: il Mulino, 2009).

¹⁶The structural system, or frame, is similar to the fuselage of an aircraft. The frame is made of very strong but lightweight materials, like titanium or aluminium, and usually employs long 'stringers' which run from top to bottom and which are connected to 'hoops' which run round the circumference. The 'skin' is then attached to the stringers and hoops to form the basic shape of the rocket. The skin may be coated with a thermal protection system to reduce the heat of air friction during flight and to remain in the low-temperature range required by certain fuels and oxidisers. Fins are attached to some rockets at the bottom of the frame, to provide stability during flight. <https://spaceflightsystems.grc.nasa.gov/education/rocket/rockpart.html> (accessed on 20 March 2017).

¹⁷Minister of scientific research (July 1983–July 1987) with Craxi I and Fanfani VI.

¹⁸Centre des Archives Diplomatiques, Nantes (hereafter CADN), Italie Ambassade, 1981–92 579PO/4 172, Dossier Economic Relations, Research and Technology in Italy, AFIRIT Association franco-italienne pour la Recherche Industrielle et Technologique

technological innovation, assigning 20% of financing expenses exclusively to research and development and to some specific disciplines with respect to the generalities of the 1970s. The Italian Inter-Ministerial Committee for Economic Planning (CIPE), approved on 24 March 1982, presented a new version of the 1982–86 National Space Plan (PSN), prepared by the Italian National Research Council (CNR), which had managed space activities since 1979.¹⁹ The PSN financed work in Italy for a total of 500 billion lire, with equivalent European cooperation. Within this complex economic context, the approval of CIPE was explained as a decision in favour of Italian technological development. In 1979–83, the first Italian Space Plan was assigned 200 billion lire, half of which was to be spent in the first three years. On 31 December 1981, only 40 billion lire had been spent.²⁰ It was later necessary to create a special national agency to manage these funds, and to coordinate competition autonomously. In 1969–79, 113.8 billion lire were appropriated: 84.5 for the SIRO satellite, 17.6 for the San Marco, 11.7 for basic research, and only 7 for Spacelab, the Italian part of the European module aboard the US Shuttle.

Minister Granelli was a particularly important figure in Italy's sudden move forward in the sciences in the 1980s. In 1986, he supported increased funding for applied research by reforming Law 46/1982 and assigning a total of 1000 billion lire until 1986. First, at Trieste, Granelli had supported the building of the Elettra Synchrotron,²¹ an accelerator

1984–88, Study on the technological development of Italy, Daniele Mazzonis, Sergio Ferrari, Giuseppe Lanzavechia, Gian Felice Clemente (ENEA) and Daniel Gabay (CNRS and Polytechnic).

¹⁹CADN, Italie Ambassade, 1981–92 579PO/4 173, Note, Embassy of France, Rome, Scientific Service, April 1982: Italian Space Plan (1982–86).

²⁰Ibid., Embassy of France, Rome, Scientific Service, Note on the National Space Plan, middle term n° 1218 November 1979, and 'Etat d'avancement du PSN au 31.12.81' n° 2255 January 1981.

²¹Luciano Fonda, *Operazione sincrotrone a Trieste (1980–1987). Storia di una iniziativa scientifica* (Trieste: Ed. Italo Svevo, 1988). In a meeting with Hubert Curien, the French minister for scientific research, on 12 December 1984, Granelli remarked that internal political reasons aimed at the creation of an international laboratory at Trieste, and for this he asked for coordination with the French project in Grenoble. The plan also involved Prof. Carlo Rizzuto, president of the National Association of Science of Matter (Italy), and the future director of Elettra in 1999; CADN, Italie Ambassade, 1981–92 579PO/4 172, Embassy of France, Rome, Scientific Service, Note, 18 December 1984.

to study the fundamentals of materials science. He had also had the opportunity to engage Italy in the project for a European synchrotron in Grenoble, sponsored by France.²² At the same time, he was head of the International Centre for Genetic Engineering and Biotechnology (ICGEB), an organisation conceived within the United Nations with a view to promoting research and scientific training specifically for developing countries. Starting from basics in 1987, under the guidance of Arturo Falaschi, first as director of the Italian component of the centre until 1989, and then as director general from 1989, ICGEB developed advanced research in the field of molecular biology and biotechnology, with a strong focus on doctoral and post-doctoral studies, for the benefit of scientists in developing countries.²³ The International Centre for Theoretical Physics (ICTP) in Trieste was reinforced thanks to collaboration with the first director, the Nobel Prize winner Abdus Salam. Granelli worked on the proposed law, creating the Italian Programme for Antarctic Research in March and June 1985,²⁴ and for Italian participation in Eureka and the EEC Framework Programme. Within this dynamic platform, the minister was aware of the need for proper coordination. Granelli wrote the project for organising the Ministry,²⁵ and then also launched the creation of the Italian Space Agency (ASI), presented to parliament on 6 October 1985²⁶: 380 billion lire in 1988, 300 in 1989, and 320 in 1990.²⁷ The first director was Carlo Buongiorno,

²²Henry Atkinson, 'Commentary on the History of ILL and ESRF', *History of European Scientific and Technological Cooperation*, 147–153; CADN, Italie Ambassade, 1981–92 579PO/4 52, Telegram 1073, 31 October 1986, Ambassador Andreani, on a Franco-Italian Scientific Association, a project sponsored by Granelli and Carlo De Benedetti; Ibid., Note, Research and Technology Minister, Cabinet of Minister, Technical Adviser, 18 June 1985, Report on ministerial meeting at Franco-Italian Summit in Florence, Granelli and Curien on Grenoble Center and EEC and Italian participation.

²³Mauro Giacca, *Farewell Arturo Falaschi*, 9 June 2010; http://www.icgeb.org/tl_files/News/Obituary_A_Falaschi_MG.pdf; and brief biography of Arturo Falaschi; <http://www.icgeb.org/arturo-falaschi.html> (accessed on 20 March 2017).

²⁴Law 284, June 1985.

²⁵Project of Law, 'Instructions for the organisation of Ministry for Coordination of Scientific and Technological Research', (Commission VII 'Education and Arts', 12 June 1985).

²⁶ASI was operative as from the passing of Law 186, May 1988.

²⁷CADN, Italie Ambassade, 1981–92 579PO/4 172, Telegram 941, Rome, 23 September 1986, Lecourtier, Franco-Italian Summit, preparatory meeting of Directors of Economic Affairs and of Europe.

professor of aerospace propulsion at the University of Rome 'La Sapienza',²⁸ who had studied at the Brooklyn Polytechnic Institute, was a ministerial advisor and had been a member of the San Marco Project since 1961. In 1983, he presented ESA with the Columbus Logistic Module as one component of a future space station, not only for the US Shuttle.²⁹ The Directive Committee also included the famous aerospace specialist Luigi Broglio, president of the Scientific Committee of CISE (*Centro Informazioni Studi ed Esperienze*)³⁰; Enrico Cerrai, professor in technology of nuclear materials at the Polytechnic Institute in Milan³¹; Luigi Gerardo Napolitano, director of the Aerodynamics Institute 'Umberto Nobile' in Naples³²; Saverio Valente, physicist and Italian representative in ESA's Scientific Committee; Angelo Bagnato, General Director of SPE Leasing (IMI group); Vittorio Olcese, undersecretary for defence in Spadolini's government; Giovanni Battista Urbani, senator of the Italian Communist party, and also vice-president of industry commission in the senate; and, last but not least, the diplomat Mario Bova, director of international relations at the Ministry for Research. The committee was a good representative of the techno-political establishment governing Italian foreign relations in science and technology; all its scientists had spent some time teaching in the USA, and all of them had links with European colleagues, particularly in France. Political parties in government and the opposition were both represented, and several enterprises were also closely connected with them.

²⁸ 'L'Agenzia Spaziale Italiana ha il suo capo', *La Repubblica*, 25 August 1988.

²⁹ Ibid., Telegram 847, Rome, 25 August 1988, Lecourtier.

³⁰ Sergio Zaninelli, *Ricerca, innovazione, impresa: storia del CISE 1946-1996* (Bari: Laterza, 1996).

³¹ Cerrai was the creator of CIRENE: the reactor Ci.Re.Ne (Cise/CISE Reattore a Nebbia) was a nuclear reactor designed entirely in Italy between 1956 and 1986, albeit along a winding and uneven path. A prototype of the reactor was built in 1989, but never became operative. The design involved natural uranium as fuel, heavy water as moderator, and steam as cooling fluid: Enrico Cerrai, Anna Maria Lombardi and Flavio Perozzi, 'CIRENE: Storia di un progetto atomico italiano', *Le Scienze*, no. 490 (June 2009): 66-73.

³² Chairman and founder of MARS (Microgravity Advanced Research and Support) and first chairman of CIRA (Centro Italiano Ricerche Aerospaziali). Napolitano had studied in the USA in 1955 as a Fulbright scholar, and was a doctor of philosophy at the University of Brooklyn; Giovanni Caprara, "NAPOLITANO, Luigi Gerardo", in *Dizionario biografico degli italiani*, vol. LXXVII (Roma: Istituto dell'Enciclopedia Italiana, 2012).

Techno-scientific innovation, particularly in fields such as air and space, are characteristically under state ownership or control, or in any case under governmental management of state procurement. This is peculiar to other spheres of high technology which are battlefields of influence and power for political parties, and is not only true of public companies or lobbies in favour of private enterprise: this conflictual state penetrated Italian research laboratories and institutes at both nation-wide and regional level. The game for influence was not played only by parties in the government, but also by the opposition. This essential point must be clarified in order to understand the practices of managing innovative Italian enterprises until the 1990s.

In November 1978,³³ a special meeting took place between the minister of scientific research Mario Pedini (June 1975–March 1978),³⁴ and political parties' representatives, to discuss the new Italian Space Plan with a budget of 450 billion lire for 1979–83: 180 billion for work in Italy and, in particular, 90 billion for satellites, 22 for basic research, and 12 for the Spacelab programme. The remaining sums represented Italian funding for ESA programmes. The Socialist party was in favour of creating a nation-wide agency; the Communist party, faced with the lack of a true industrial development programme, wanted a parliamentary debate. Senator Mario Bolognani, head of the Commission for Scientific Research of the Italian Communist party, suggested one plan, clearly involving international cooperation in ESA programmes. He revealed the threatening possibility, foreseen by the plan, of re-defining priorities without evident coordination in the long or medium term. Last but not least, Bolognani asked for a renewal of the Italian Delegation at ESA, and indicated in particular the role of Broglio, who was against satellite projects vs. the prior interests of ESA. During the parliamentary debate on Law 184 in May 1975, approving funds for Italian–US cooperation in aeronautics and the agreement with Boeing, the delegate of the Italian Communist party, Giuseppe D'Alema, pronounced himself against

³³ 'Divergenze fra i partiti sul piano per lo spazio', *L'Unità*, 10 November 1978.

³⁴ Undersecretary for scientific research (1968) and for foreign affairs (1969–1976); minister for arts and the environment (1976–1978) and of education and universities (1978–1979) before entering the European Parliament (1978–1984); Mario Pedini, *Quando c'era la DC. Ricordi personali di vita politica (1945–84)* (Brescia: Fondazione civiltà bresciana, 1984); Id., *Tra cultura e azione politica: quattro anni a Palazzo Chigi, 1975–1979*, vol. 1–2 (Roma: Istituto Acton, 2002).

its anti-European character by also supporting European cooperation for civil and military aircraft.³⁵ These were two simple examples of the intervention of the PCI in favour of Italian aerospace, to be developed more on the basis of European cooperation than on Italian plans which, as the Communists noted, meant reinforcing Italian–US cooperation or, worse, Italian dependence on US technology and commercial leadership world-wide.

THE 1980s AND THE ‘AMERICAN CHOICE’ MADE BY ITALIAN SCIENTISTS AND EXPERTS

As regards innovation in high-level technologies, some idea of the international framework is essential in order to understand which key factors participate in national decision-making. This is not only the case in aeronautics³⁶ but also in space research, so we can compare their development thanks to the historiography of Italian space politics, first created by journalists,³⁷ with a true historical analysis of the origins and development of the European Space Agency,³⁸ and then Euro–US competition.³⁹ Italian aerospace activities must be reconstructed by analysis of the political factor, the moment of political decisions influenced by the interconnections of interest of various countries engaged in international dimensions, in bi- or multilateral arenas of negotiation. We can thus envisage the techno-scientific element as a key factor in Italian foreign policy, which was obliged to act according to Cold War dynamics, transatlantic relations and European integration, but without abandoning national interests such as political interventions, which may be indicated

³⁵ *Atti Parlamentari. Camera dei Deputati. VI Legislatura. Discussioni, Seduta del 14 maggio 1975.*

³⁶ David Burigana and Pascal Deloge (eds.), *L'Europe des coopérations aéronautiques*, Special issue, *Histoire économie & Société*, no. 4 (2010): 1–128.

³⁷ Michelangelo De Maria and Lucia Orlando, *Italy in Space. In search of a strategy 1957–1975* (Paris: Beauchesne, 2008); Caprara, *Storia italiana dello spazio*.

³⁸ John Krige, Arturo Russo and Lorenza Sebesta, *A History of the European Space Agency (1958–1987)*, 2 Vols. (Noordwijk: ESA Publications Division, 2000); Filippo Pigliacelli, ‘Like a Stone Guest. European Space Cooperation and the Birth of Community Research Policy’, *HumanaMente*, no. 16 (2011): 105–132.

³⁹ Lorenza Sebesta, *Alleati competitivi. Origini e sviluppo della cooperazione spaziale tra Europa e Stati Uniti (1957–1973)* (Roma/Bari: Laterza, 2003).

at ministerial level. Following this approach, we propose a chronology of the interplay between air and space politics and Italian foreign policy from the 1970s to the 1980s, when a definitive choice was confirmed on one hand for US priority and, on the other, to developing participation in European cooperation in Italy, one of the four most important countries involved, as a technological and commercial leader.

At the beginning of the 1980s, this was the sense of Italian policy, as defined by Prof. Giampietro Puppi, at that time advisor to the minister for the budget. Since May 1977, Puppi had been one of the supporters of the first Italian Space Plan launched in October 1979, conceived by close coordination with the Catholic Democrat Mario Pedini, minister for scientific research. Pedini's policy aimed at following the French and German example of putting most of its funds into ESA. At the same time, when the Italian Space Law came up for revision, with his ESA counterparts the minister stated that a solution to the poor 'geographical returns' for Italy was necessary, in order to reconcile certain persons who would have preferred to put a higher percentage into national activities.⁴⁰ Pedini's undersecretary, Giorgio Postal,⁴¹ indicated that the Italian government was willing to reserve most of the resources for space research to international cooperation.⁴² In the future, Italy was to put forward definite proposals for participating in future ESA programmes, but in any case some problems would have to be solved: rules for just returns were no longer acceptable for Italy; the industrial returns for Italy should be improved, and statistics on coefficients should take into account the effect of variations in exchange rates and inflation. In view of the delicate political situation in Italy, the Italian contribution to space programmes had to be justified with convincing arguments and, in particular, fair returns were indispensable as a basis for future Italian collaboration with ESA. This was the sense of Italian policy *vis-à-vis* the European space arena. In fact, the geographical returns coefficient for

⁴⁰Historical Archives of the European Union, Florence (hereafter HAEU), ESA 4649, Inter-Office Memo from DG Urgent, Confidential, Subject: The 'Italian Question', 23 September 1976, Visit to Rome by Director General of ESA, R. Gibson, to Minister Mario Pedini, Undersecretary Giorgio Postal, Chief of Cabinet Antonio Mancini.

⁴¹Mauro Marcantoni, *Giorgio Postal* (Trento: Fondazione Museo storico del Trentino, 2010).

⁴²HAEU, ESA 4649, Minutes of meeting of Director General R. Gibson with Undersecretary Postal and the Italian Delegation, G. Dondi, 4 October 1976.

1972–76 was subdivided as follows: Basic Technological Research 0.96 and Support to Programmes 1.19 (telecommunications in particular); for a total 1.19 billion lire.⁴³ ESA noted that very few Italian enterprises had participated in the call for research projects: of 1014 proposals in 1972–76, only 55 came from Italian firms, that is, 5% with respect to Italian financial participation for 13%.

At a tripartite meeting of ESA representatives and Italian authorities and companies in February 1977, Postal emphasised that Italy remained in favour of European programmes, although the role of ESA still had to be clarified and decisions regarding future projects required due reflection, because the minister was not satisfied with industrial returns of 15–16% against Italian contributions of 18%.⁴⁴ With all participants,⁴⁵ Postal summarised, Italy was for Europe, but ‘European’ programmes should be agreed upon, if this support was to be maintained. And this depended, on one hand, on re-equilibration of industrial returns and, on the other, on whether ESA’s predefinition of interest would also be pursued in other countries. This last point was vital, representing a fair specialisation policy ensuring equitable industrial returns. Pedini summarised the evolution of Italian industry, from its slow beginnings until 1968, in order to prepare personnel, to organise and plan activities, and to ensure stable practices in interrelationships between industry and politicians.⁴⁶ Italy’s participation in the three consortia COSMOS, STAR and MESH for Spacelab studies in 1973,⁴⁷ and the role of coordinator for Aeritalia in 1973 for Spacelab,⁴⁸ both marked a new phase of equal

⁴³Ibid., Résumé de la situation vis-à-vis de l’Italie en matière de recherche technologique, 23 February 1977.

⁴⁴Ibid., Note, The tripartite meeting in Rome among ESA, Italian Authorities and the Italian Industry, 25 February 1977.

⁴⁵For Italian firms: Sacerdote Aeritalia; Scandone CNR-SAS; Mariani STET; Verde Compagnia Aerospaziale Italiana (CIA); Bonanni Montedel-Laben; Brunelli Montedison; Morabito Selenia; Rossignoli CGE-FIAR; Dalla Volta CGE-FIAR; Marri Selenia; Bellini Selenia; Fargnoli CIA; Laurenzio SNIA-Viscosa; Mango CNR; Teofilatto CIA.

⁴⁶HAEU, ESA 6921, Note, Meeting Pedini and Gibson, Rome, 6 November 1975, and Letter, from Pedini to Gibson, 13 November.

⁴⁷Ernesto Vallerani, *L’Italia e lo spazio. I moduli abitativi* (McGraw-Hill: Finmeccanica, 1995): 14.

⁴⁸In November 1969, after a decision by CIPE, following the Caron Report, set up Aeritalia in Naples: FIAT Aviazione, Aerfer and Filotecnica Salmoiraghi (owned by FIAT-Finmeccanica). Active since January 1972.

capabilities with European colleagues. Scientists also welcomed this new period in the sphere of European and international cooperation, as could be seen in the Round Table organised in February 1977 by the director general of ESA, Roy Gibson, in cooperation with Postal⁴⁹: applied science disciplines were to be regarded as optional programmes with separate funding and a different series of contributions from that of the mandatory programme.⁵⁰

DESPITE INCREASING FINANCIAL DETERIORATION, ITALY AND ITS LEADERSHIP IN INHABITED EURO–US SPACE

In any case, the Italian situation was deteriorating, due to the economic crisis, involving in particular currency exchanges and inflation. In March 1977, the total negative balance between contribution and payments was more than 30 MAU.⁵¹ The Italian delegation stressed the fact that its internal situation was rapidly deteriorating: there was a deficit of 5 MAU in 1975, 11 MAU in 1976 and 30 MAU in the first quarter of 1977.⁵² Practices in managing international contracts were one reason for Italy's poor geographical returns, as Director General Gibson tried to persuade Pedini, particularly for Spacelab.⁵³ One of these plans involved sub-contracting some work to US firms but, in this case, Italian money spent had to be calculated as geographical returns, because it was equivalent to an investment in the future of Italian industry. Last but not least, there was a substantial lack of competition, due to the indifference of some Italian

⁴⁹HAEU, ESA 6921, Note, R. Gibson discussion with G. Postal, 1 February 1977.

⁵⁰Ibid., Note, Meeting with Postal, Scientific Director E.A. Trendelenburg, and V. Manno, Rome 28 June 1978. Italian authorities: Saverio Valente, Luigi Broglio, Cesare De Porto, Giovanni Cammarano, Alessandro de Iaco Veris, Francesco Scandone, Livio Scarsi, Margherita Hack, Giuseppe Colombo, Claudio Chiuderi, Alberto Egidi, Franco Pacini, Giuliano Boella, Giancarlo Setti.

⁵¹(MAU) Million accounting units: a conventional monetary unit used from the early 1960s within the framework of the joint European space effort; from 1975, the MAU was defined as a standard 'basket' of the EEC currencies weighted according to the average over five years of the gross national product and intra-European trade of each state; in 1976: MAU was 1.30 US\$, 3.05 DM, 5.22 FF, 0.57 £GB and Lire 815. Krige, Russo, Sebesta, *A History of the European Space Agency*, 575.

⁵²HAEU, ESA 6921, 30 March 1977 ESA/Italian Delegation meeting in Paris.

⁵³Ibid., Letter, R. Gibson to Pedini, 15 June 1977, answer to Pedini's, 28 April 1977.

companies which, rather than act as competitors, preferred to transfer work to other European companies.

The result was a very delicate, unstable situation for Italian participation in Spacelab, from the viewpoint of financial and returns policies, as is clear from the trend of Italian contributions to ESA projects and payments received from ESA projects in millions of lire, in which the growing role of Spacelab was clear-cut for Italy.⁵⁴ The situation of the coefficient of Italian geographical returns on 31 March 1978 was thus: for Spacelab 0.88; Scientific programmes 1.11; Ariane 1.45; total returns 0.92, in comparison with Italy's total participation to Spacelab of 17.4%.⁵⁵

In this situation, the 'American choice' was confirmed in the early 1980s, in the form of a mission to the USA, thanks to the network of Italian scientists,⁵⁶ and reinforced by the number of Italian firms with US connections.⁵⁷ The Director of the Italian Space Plan, Luciano Guerriero,⁵⁸ went to the USA with Prof. Giuseppe Colombo of the University of Padova, since 1958 a fellow of the Harvard-Smithsonian Center for Astrophysics and NASA,⁵⁹ and also with Prof. Francesco

⁵⁴The totals of Italian contributions were 5750 (1972), 9659 (1973), total 14,932 (1974); those to Spacelab 2060; 28,511 (1975) to Spacelab 7448; 34,938 (1976) to Spacelab 12,701; 40,253 (1977) to Spacelab 16,800; total of payments received 3625 (1972), 6755 (1973), 7562 (1974) of which, for Spacelab, 898; 22,548 (1975) for Spacelab 9123; 17,584 (1976) for Spacelab 4971; 19,960 (1977) for Spacelab 7537. Ibid., Note, 9 June 1978, Relations with Italy R. Gibson: talk with Giovanni Cammarano, Scientific Advisor to the new Italian Minister Antoniozzi since March 1978.

⁵⁵Ibid., Note, G. Van Reeth.

⁵⁶Luciano Guerriero, director of the National Space Plan, cooperated with MIT and the University of California, Berkeley; Ernesto Vallerani, heading the Italians in Spacelab, came from Caltech (California Technology Institute); Carlo Buongiorno, leader of the San Marco Project, and head of the space bureau in the Ministry for Scientific Research, had all attended the Brooklyn Polytechnic Institute with Luigi Gerardo Napolitano, director of the Institute 'Umberto Nobile' (University of Naples) and chairman of the IAF.

⁵⁷Aeritalia, Carlo Gavazzi Controls, Centro ricerche FIAT, Centro studi dei sistemi CISE, Oerlikon Contraves, CSATA, Elsag, FIAR, FIAT Avio, Italspazio, Italtel, Laben, Microtecnica, Officine Galileo, SAE, Selenia Spazio, SMA, SNIA BPD, Telespazio and VDS.

⁵⁸Luciano Guerriero and Ernesto Vallerani, *Space made in Italy* (Milan: Fiera di Milano, 1986).

⁵⁹Giovanni Caprara, *Più lontano nello spazio. Storia di Giuseppe Colombo* (Milano: Sperling and Kupfer, 2006).

Angrilli at Padova, one of the team of creators of the tethered satellite,⁶⁰ launched in 1992 from the US Shuttle by the first Italian astronaut, Franco Malerba.⁶¹ Guerriero, together with Ernesto Vallerani, Italian head of the Spacelab programme, visited the Marshall Center in Huntsville and, in December 1979, on the invitation of NASA, took part in a meeting on module projects, particularly the Space Operation Center (SOC). Designed by the Johnson Space Flight Center in cooperation with Boeing, the SOC, connected to other inhabited modules, was to launch and assemble satellites in orbit.

A project for the Space Station was also discussed at the XXXII Congress of the International Astronautics Federation (IEF) in Rome.⁶² On 28 November 1983, Minister Granelli and Prof. Buongiorno watched the first launch of Spacelab. In October 1984, a mission team was set up by Aeritalia to Boeing, composed of McDonnell Douglas and Martin Marietta in Denver, and Lockheed at Sunnyvale, to present the Italian company as a privileged partner in planning the structures and thermic control in pressurised modules for the future space station.⁶³ Vallerani from Aeritalia was in touch with Alan M. Lovelace, deputy administrator of NASA, with his successor Hans Mark, and also with the administrator, James Beggs. They informed their US counterparts that the Italian government supported Aeritalia's participation in building the modules. Although there was no official contract, any ambiguity about the actual support of the Italian government had been overcome by traditional Italian-US cooperation in the field of civilian aircraft since 1963–65 between the Italian company Aerfer and McDonnell Douglas. The Italians were able to act in two spheres: one in Europe, through the Italian-German Columbus project; the other, on a bilateral basis represented by Italian-US cooperation, was potential cooperation with the USA on the MPLM (Mini Pressurized Logistics Module). In 1976, the administrator of Aeritalia, Renato Bonifacio, preferred cooperation with

⁶⁰Giovanni Caprara, *Shoot an arrow to the Sun. Giuseppe Colombo's ideas from imagination to reality* (Padova: CISAS Centro Studi Aerospaziali, University of Padova), 2009.

⁶¹Franco Malerba, *La vetta. The summit* (Genova: Tormena, 1993).

⁶²Vallerani, *L'Italia e lo spazio*, 128.

⁶³Ibid., 120, 124.

the USA, as well as that of his original European colleagues, but on condition that fair treatment would be granted.⁶⁴

PARALLEL PATHS: AERONAUTICS AND SPACE, WITH ADDED PROBLEMS IN COOPERATION IN EUROPE AND IN WORLD-WIDE COMPETITION WITH AND AGAINST THE USA

In 1969, the Commission for aeronautical problems created by CIPE in July 1967, directed by Giuseppe Caron,⁶⁵ emphasised that national projects ‘would be achieved through international cooperation on one hand with a partner with a high technological level, on the other on such a basis as to allow Italian participation at a scientifically and technologically high level, cooperation effective from a commercial point of view and able to guarantee autonomous perspectives’. In addition, the Caron Commission judged ‘positively also the perspective of agreements with US industry able to ensure important development in quality to Italian industry, as well as the possibility of entering the most important global aeronautic market’.

In March 1971, Aeritalia presented its collaboration programme with Boeing to the Italian government. Following a series of ministerial meetings, this programme was examined by CIPE. In February, Rome had refused a new French proposal to participate in the Airbus project because, according to the minister for state participation in the private sector, Flaminio Piccoli, it was only a ‘re-production’ without any exchange of technology.⁶⁶ On 11 November of the same year, CIPE approved cooperation with Boeing, stating that this would only be a ‘starting point and a first phase of development for the entire national aeronautical industry, which is to be expanded from wings to engines

⁶⁴Bruno Catalanotto and Claudio Falessi (eds.), *Anni di Aeritalia* (Città di Castello: Aeritalia, 1991).

⁶⁵European federalist, undersecretary for civil aviation and defence, chairman of the Center for developing aeronautical transport, member of the European Commission, and later undersecretary to budget under the Moro (1963–68) and Rumor (1968–69) governments.

⁶⁶Archives du Ministère des Affaires Etrangères, Paris (hereafter AMAE), Europe 1971–75, RFA 3027, Telegram., Burin des Rozières, Rome, 5 February 1971.

and to aviation technology'.⁶⁷ The Boeing agreement was attached to Italian Law 184 of 26 May 1975. However, the delegate of the Italian Communist party, Giuseppe D'Alema, during the parliamentary debate on Law 184,⁶⁸ stated that Italian funds had finished up in the coffers of Boeing, and not in development projects for new laboratories in Italy, and that if Italy had supported any kind of research, it would have been that of the USA. However, Aeritalia would gain new technical knowledge, not only for the production of wings but also design, not only through the agreement with Boeing but, since October 1965, from the first cooperation agreement with McDonnell Douglas after the purchase of the DC-9 by Alitalia. This tension about the acquisition— not only of technology but also of know-how— had encouraged Finmeccanica right from the start, after the Second World War. Despite the Crociani scandal—the chairman of Finmeccanica was accused of bribery and corruption—and also despite the exclusivity to which the terms of the agreement condemned Aeritalia,⁶⁹ they had thus achieved what the Caron Commission had requested through the agreement with Boeing:

No European country can, alone, support the costs for building new devices, but the strategic value of the aeronautical industry requires cooperation on a European scale; otherwise such an industry—in the European framework, not just the Italian one—risks being absorbed by American power, which is invading the European market even more decidedly and employing all possible means.

Thus, 'techno-productive cooperation at European level, even if Italy should not ignore other possibilities, was necessary', that is, collaboration with the USA. It was in this way that not the Caron Commission

⁶⁷Atti Parlamentari, Camera dei Deputati, VI Legislatura, Discussioni, Seduta del 18 maggio 1975.

⁶⁸Atti Parlamentari, Camera dei Deputati, VI Legislatura, Discussioni, Seduta del 14 maggio 1975.

⁶⁹Boeing Archives, Seattle, 2952/1, History of B767, Participants Status. Ibid., RMG/mlh 12/16/74, Boeing/Aeritalia Program, Subject: Legally Binding Obligations—Current Assessment. Reference: (1) Memorandum of Understanding dated October 21, 1971, as amended; (2) Letter Agreement dated November 29, 1973, plus Referenced Draft of New Memorandum of Understanding; (3) Official Minutes of Various Joint Board Meetings held from February 1972 to November 1973. The following summarises the current legal obligations existing between the parties in accordance with the above documents.

but its delegate D'Alema concluded his speech in the debate on Law 184.⁷⁰ At the same time, a milestone in the most important specialised project with Italian participation in the 'Space Race' was confirmed. Italy did sign the agreement to the European module for the US Shuttle through ESA, but this was mainly thanks to a stable relationship with US counterparts which had developed on a bilateral basis years before: two pillars of Italian technological politics in world-wide competition.

Within the framework of a Space Task Force under the administrator of NASA, Thomas O. Paine, and after a series of missions to Canada, Europe and Japan, NASA organised the first international conference on the Space Shuttle with the participation of foreign governments and companies in Washington, DC on 16–17 December 1969. In early 1971, the Marshall Space Flight Center, build at Huntsville, Alabama, produced a pilot study on a 'Sortie Can', the future Pressurised Laboratory Module for the Shuttle, with International Standard Payload Racks, windows, an airlock, and an external mechanically operated arm: they foresaw producing it in 1978 with a budget of 12 million dollars. In autumn 1971, a US delegation headed by Charles W. Matthews with Captain Robert Freitag arrived in Turin during a tour of European firms. At Fiat they met Giuseppe Gabrielli, director of Fiat Avio,⁷¹ and Ugo Sacerdote, director of the company's Technical Bureau for Special Studies. They attended a presentation by Ernesto Vallerani on the thermic effects of laminar flow at supersonic speeds.⁷² Fiat had no materials ready to exhibit, but Vallerani mentioned Italian knowledge of them and their potential. Laboratories in Turin were then listed as NASA subcontractors. In January 1972, President Nixon approved the Space Shuttle Program, now open to international cooperation. On 17 March, NASA asked US firms to file proposals. At the same time, the Sortie Can project from Marshall Space Flight Center became the basis for negotiations with the Europeans. NASA organised several workshops: one of particular importance was that in August 1972 at the Goddard Space Flight Center, with more than 200 invited experts in 15 working

⁷⁰Atti Parlamentari, Camera dei Deputati, VI Legislatura, Discussioni, Seduta del 14 maggio 1975.

⁷¹Giuseppe Gabrielli, *Una vita per l'aviazione. Ricordi di un costruttore di aeroplani* (Milano: Bompiani, 1982).

⁷²Vallerani, *L'Italia e lo spazio*, 6–7.

groups, related to as many scientific, technological and application fields. The European Space Research Organisation (ESRO) set up ten working groups, the 'Spacelab Payload Groups',⁷³ to assist the executive in defining the interfaces between Spacelab and experiments, evaluated *vis-à-vis* users' requirements in various disciplines.⁷⁴ On 2 December, the ESRO ministers decided to go ahead with the Spacelab project and were free to decide its budget.⁷⁵ In January 1973, ESRO organised a symposium at Frascati with 250 scientists and technologists; the US National Academy of Sciences organised a two-week summer study at Woods Hole, Massachusetts, on possible scientific missions for Shuttle and Sortie Can, for the first time in the role of payload specialist.

The Europeans later organised three consortia, COSMOS, STAR and MESH.⁷⁶ In 1973, Vallerani was named project manager for Spacelab; the McDonnell Douglas Astronautics (MDA) Assistance Agreement for Spacelab development with Aeritalia was signed on 18 April 1974, and a special Committee in Aeritalia was started in December 1974 with a program manager in Seattle, Roberto Mannu, who was in touch with Fausto Cereti,⁷⁷ the scientist who had headed the Italian engineers from Aeritalia at Seattle in cooperation with Boeing for B7X7, the future B767, the contract for which was signed in 1974.

Italy was involved in European cooperation according to Andreotti's attitude towards France and Germany in 1964,⁷⁸ together with that of

⁷³Infrared astronomy, stellar astronomy, solar astronomy, high energy astronomy, atmospheric and ionosphere sciences, life sciences, material sciences, Earth resources, communications, and space electrophoresis; the first six were published in a report in May 1973.

⁷⁴Krige, Russo, Sebesta, *A History of the European Space Agency*, 572.

⁷⁵Vallerani, *L'Italia e lo spazio*, 15.

⁷⁶COSMOS: leader MBB FRG; SNIAS Italy, MSAS UK, Selenia Italy, ETCA Belgium, CASA Spain, CIR Switzerland; STAR: leader BA UK; Dornier FRG, Contraves Switzerland, Thomson CSF France, GSE-FIAR and Montedel Italy; MESH: leader ERNO FRG; Aeritalia Italy, BTM Belgium, HSD UK, Matra France, Philips Nederland. Winners for Spacelab: COSMOS and MESH.

⁷⁷*Ibid.*, 32.

⁷⁸David Burigana, 'Toujours troisième? La République Fédérale et la survivance technologique de l'"espace aérien européen" du bilatéralisme à Airbus, entre rêve intégrationniste et pratique intergouvernementale (1959-78)', in *Changing Times: Germany in the 20th Century Europe*, eds. Jürgen Elvert and Sylvain Schirmann (Brussels: Peter Lang, 2008), 182.

the well-known chief of air staff in the 1960s, General Duilio Fanali.⁷⁹ The concentrated effort to cooperation as necessary for survival began in the mid-1960s, and included the perception of a technological gap with the USA,⁸⁰ and consequent plans to overcome it, known as the Fanfani Plan,⁸¹ or the European Techno-Scientific Community by Harold Wilson.⁸²

In 1967, Italy chose not to work on European aircraft production by rejecting the Airbus in two ministerial meetings on 6 July and 23 September.⁸³ The chairman of Alitalia, Bruno Velani, and Count Corrado Agusta, representing Italian companies, did not appreciate the usefulness of European cooperation. Agusta said: 'It does not need technology but quantity of orders to keep up'. His firm produced helicopters under Bell and Lockheed licences, and at the end of 1967 he was negotiating the production of Vertol Chinooks with Boeing, which had acquired Vertol Aircraft in 1960. The Chinook was one of Agusta's greatest successes, and still is today. As regards Alitalia, the Italian airline had always been 'reticent towards cooperation projects at European level', because the US industry offered 'infinitely more guarantees', as the French ambassador Armand Berard wrote.⁸⁴

⁷⁹David Burigana, 'L'Italia in volo! Il ruolo dei militari italiani nella cooperazione aeronautica fra politica di difesa e politica estera: il caso del Tornado (1964–70)', in *Nazione, interdipendenza, integrazione. Le relazioni internazionali dell'Italia (1917–1989)*, eds. Federico Romero and Antonio Varsori (Roma: Carocci, 2008), 2:167–186.

⁸⁰Lorenza Sebesta, 'Un nuovo strumento politico per gli anni Sessanta. Il *technological gap* nelle relazioni euro-americane', *Nuova Civiltà delle Macchine* 31, no. 2 (1999): 129–151.

⁸¹Massimiliano Guderzo, *Interesse nazionale e responsabilità globale. Gli Stati Uniti, l'Alleanza atlantica e l'integrazione europea negli anni di Johnson (1963–69)* (Firenze: Aida, 2000), 373–374; Sebesta, *Alleati competitive*, 186–190; Burigana, 'L'"atlantista europeista"'?

⁸²On its ties with Franco-British aircraft cooperation and the possibility of UK entry to the EEC, see Lynch, *Britain and Airbus*. On the propositions of European technological communities and EEC framework, see Van Laer, Bussière, 'Recherche et technologie'.

⁸³Spanish translation of original Italian reports on meetings; Archivos de l'Esercito de l'Ajre, Madrid (hereafter AEA), 13256, Dispatch Col. Emilio Garcia-Conde Ceñal, Air Attaché, Rome, 16 October 1967.

⁸⁴Documents Diplomatiques Français. 1965, Tome II, doc. 272, Telegram n. 1531–5, Armand Berard, Rome, 17 November 1965, Reserved, For joining Concorde (Brussels: PIE-Peter Lang, 2005), 606–607.

In conclusion, for its 7×7 project, Boeing found its partners first in Japan,⁸⁵ and later in Europe. After attempts in the UK (Boeing wanted to take over the Europlane partners by halting the British project),⁸⁶ it succeeded by signing a cooperation agreement with Aeritalia in 1974,⁸⁷ inspired by anti-Airbus objectives.⁸⁸

Any techno-scientific cooperation in the fields of air and space was to have been launched by Italy, initially with the USA. It was not a question simply of following the Italian version of a ‘special’ relationship with the USA. The aim of both air and space in Italy was clear-cut for the experts/advisors and governmental politicians. This aim was beyond the extremely favourable financial conditions, that is, prices and credits for export of US products, and also beyond the rigorous contract conditions, particularly concerning technological know-how received from Boeing, which Italian firms could not use freely without Italian–US cooperation before it had sold one thousand B767s. By winning over its other European partners, Italy also pledged to obtain US cooperation⁸⁹: both ended up by doing ‘the fairest thing’, said Altiero Spinelli, the European commissar for science, technology and industry (1972–1974), after a failed attempt to coordinate an aircraft policy for the European Economic Community,⁹⁰ ‘a great experience with the Americans in order

⁸⁵CTDC, Fuji, Kawasaki and Mitsubishi signed an agreement in November 1972: The National Archives, Kew Gardens (hereafter TNA), FCO 14 1006 Development of Airbus by Japan.

⁸⁶Conversation of Boeing with Secretary of State, William Pierce Rogers, on 27 March 1973; National Archives and Records Administration (hereafter NARA), files online, Department of State, Rogers, to American Embassy (Amembassy), London, 11 April 1973.

⁸⁷Conversation of Luigi Azais, Assistant to President of Aeritalia, with Raymond C. Ewing, First Secretary, on 20 March 1973; NARA, RG 59 SNF 70–73 Ec 643, T. A-177, Amembassy, Ambassador John A. Volpe, Rome, 28 March 1973.

⁸⁸On the anti-Airbus character of the Boeing B7X7 project: AMAE, Europe 1971–75, RFA vol. 3027, Dispatch, Embassy, Rome, 26 September 1975.

⁸⁹See David Burigana and Pascal Deloge, ‘European co-operation in the fields of armaments standardisation and military Aeronautics: with or without Great Britain?’, in *Beyond the Customs Union: the European Community’s quest for completion, deepening and enlargement (1969–1975)*, ed. Jan van Der Harst (Brussels: Bruylant, 2007), 61–81; Burigana, *Toujours troisième?*, 177–196.

⁹⁰A sort of ‘Schumann Plan for aircraft’ was illustrated by Spinelli in May 1975 at a conference organised by the *Financial Times* about ‘World Aerospace and Air Defence Industries’; HAEU, AS 33, Spinelli’s contribution, ‘Une véritable industrie aérospatiale européenne existera-t-elle jamais?’, 27 May 1975. This new ‘Schumann Plan’ was to inspire Spinelli’s *Plan d’action pour l’Aéronautique européenne* published by the

to come out strengthened and to be able afterwards to proceed alone,⁹¹ towards other cooperation plans.

TOWARDS AN AUTONOMOUS EUROPEAN SPACE WITH ITALIAN PARTICIPATION AND INEVITABLE US COOPERATION

In 1984, Reagan proposed the name *Freedom* for the International Space Station. In March, James Beggs, NASA administrator in his capacity as the president's personal envoy, and Ian Pirke, first to be head of ESA's Washington office, gave details of the invitation to Europe on 12 February.⁹² In London, on 5 March, Beggs said that the ISS had 'high priority for President Reagan for political reasons', as 'a demonstration of free world leadership' and 'wholly civilian'. The problem was that the anticipated proportion of European financial involvement was set at 20–25% of the whole project, that is, twice what had been expected initially. On 8 March, Beggs discussed the matter with Italian minister Granelli. There were several phases of discussions over a period of 20 years, starting in 1985, the first phase alone lasting until 1992. Europe then had to decide to participate too quickly, and partnership was open to competition. The management system still had to be defined. Europe would have her own transport structures in any case.⁹³

European Commission on 1 October 1975. With its dual technology, the aircraft industry was in an ideal position to re-launch industrial development in Europe, as affirmed by the *Plan d'action* but, at the same time, there was one reason for objecting to US technological leadership. See HAEU, AS 33. The *Plan d'action* was also signed by the vice-president of the European Commission in charge of transport, Carlo Scarascia Mugnozza, and published in the *Bollettino delle Comunità europee*, 11/75, 3 October 1975, 1–33. See also Altiero Spinelli, *La mia battaglia per una Europa diversa* (Manduria: Laicata, 1979), 67–78; David Burigana, 'Per uno "spazio aereo europeo", o l'impossibile via all'integrazione (1972–78)', in *Europa vicina e lontana. Idee e percorsi dell'integrazione europea*, eds. Federica Di Sarcina, Laura Grazi and Laura Scichilone (Firenze: CET, 2008), 165–177.

⁹¹Altiero Spinelli, *Diario europeo (1970–76)*, edited by Edmondo Paolini, vol. 2 (Bologna: il Mulino, 1991), 510.

⁹²HAEU, ESA 4629, Washington Office Fax Ian, 17 February 1984.

⁹³CADN, Italie Ambassade, 1981–92 579PO/4 172, Atomic and Space Affairs, Report, 14 March 1984, Audience of James Montgomery Beggs.

In 1982, by threatening competition with Mitsubishi through the Japanese national NASA Agency, Aeritalia proposed its fourth study on Pressurized Modules, and in 1983 this became part of the Manned Space Station studies which ESA assigned to ERNO and Aeritalia.⁹⁴ In 1984, this project evolved within studies of the space station system on behalf of the ESA. The total cost was approximately \$800 million, about 40% higher than the original estimate.⁹⁵ Germany paid about 55%, Italy 15.6%, France 10.3% and the UK 6.5%. At the same time, in June, the ESA Council voted for the Europeanisation of the Italian–German Columbus project by putting it in the package deal with HM60, the cryogenic engine, one element of the future Ariane V; and France advocated the Europeanisation of the French Space Plane Hermes.⁹⁶ Formalised on 28 June in two ESA Council resolutions, any ‘big’ member state could find the fulfillment of a national aim: Hermes for the French; Columbus for the Germans, and cooperation with the USA, although reluctant to see France leader for Hermes and Ariane. In solid propulsion work, Italy was linked to Ariane, although the French National Space Agency, CNES, did not wish to concede the leadership in this area.⁹⁷

At the ESA Ministerial Council Meeting in Rome on 30–31 January 1985, Minister Granelli declared that Columbus was therefore a Space Station-related preparatory programme with a view to ensuring progressive European autonomy of a manned space station mutually compatible with the future European launching system. For this reason, after the accidental destruction of the Shuttle Challenger in February 1986, as regards future Italian programmes in cooperation with the USA—for instance, the tethered satellite—Granelli stated that the Italian position was too vulnerable.⁹⁸ Europe was the only way, although Euro–US cooperation remained an inevitable step towards European autonomy,⁹⁹ and Spacelab was a sort of credit card for Italy, to reinforce and develop

⁹⁴Vallerani, *L'Italia e lo spazio*, 202.

⁹⁵Krige, Russo, Sebesta, *A History of the European Space Agency*, 567–568.

⁹⁶*Ibid.*, 635–636.

⁹⁷*Ibid.*, 636.

⁹⁸CADN, Italie Ambassade, 1981–92 579PO/4 172, Telegram, Rome 143, 1 February 1986, Italian reaction to the explosion of Shuttle Challenger.

⁹⁹CADN, Italie Ambassade, 1981–92 579PO/4 51, Ministry of Industry, Note, Italian–French Summit, 3 December 1986, Meeting between Granelli and Alain Madelin, Research Minister, on Space.

in space module fields.¹⁰⁰ Consequently, the Italian Space Plan directed by Luciano Guerriero, with the participation of Carlo Buongiorno, director of the Space Bureau at the Ministry of Research and Universities, was a candidate as Procurement Agency for the Pressurized Logistics Module in June 1987, with Boeing as prime contractor and Aeritalia element contractor for the logistic module, under Vallerani's responsibility.¹⁰¹ Aeritalia was to become a long-term contractor for the future International Space Station, thanks to the 'special relationship' with the USA, as well as to the European framework in which the Italian position was also ensured for Columbus and Ariane V, but in exchange for value support to the French Hermes.¹⁰²

At the end of the 1980s, Italy had succeeded in achieving a stable and potentially growing position in the air, from production of the Tornado fighter to that of the Eurofighter,¹⁰³ and in space cooperation in Europe, at international level. This policy was the product of surprising coordination—or at least it was viewed more as an image than a hazardous coincidence at the time—between politicians and experts/advisors who, as we have seen, were engaged in managing Italian state enterprises as *commis d'Etat*, re-inventing Italian aerospace industries as managers/engineers and participating in international technical negotiations as diplomats/scientists. In one of the numerous meetings on the 'poor' Italian geographical returns, Roy Gibson, director general of ESA, remarked at the end of his report: 'I was surprised agreeably by the Minister's attitude and by his

¹⁰⁰Interview to Ernesto Vallerani, *Europeo*, 18 January 1986.

¹⁰¹Vallerani, *L'Italia e lo spazio*, 204.

¹⁰²CADN, Italie Ambassade, 1981–92 579PO/4 172, Ministry of Industry, Posts and Telecommunications, and Tourism, General Direction of Industry, Service for Competition, 30 October 1987, Note on meeting between research ministers Antonio Ruberti and Alain Madelin.

¹⁰³We do not quote the successful project ATR (Avion de Transport Régional), an agreement signed in 1981 by Aeritalia and Aérospatiale, nor the AMX fighter with the Brazilian Embraer or exportations of AerMacchi trainers; and, last but not least, not even the commercial success of cooperation on the Boeing B767 and McDonnell Douglas. See David Burigana, 'A European intergovernmental Defence? Italy, Germany and the European policy approach to armaments cooperation', in *Italy, Austria and the Federal Republic of Germany in Europe. A triangle of Mutual Relations and Perceptions from the Period 1945–49 to the Present*, eds. Michael Gehler and Maddalena Guiotto (Wien-Köln-Weimar: Böhlau, 2012), 485–506.

knowledge of our affairs'.¹⁰⁴ Gibson met Vito Scalia, the Italian minister for coordination of scientific and technological initiatives, with his chief of cabinet, the diplomat Umberto Vattani. Scalia had just been nominated, and Gibson was surprised that their awareness of Italian space policy was not unexpected, as the roles played by Pedini, Granelli and Postal had demonstrated. The difficult interactions between experts and politicians in Italian policy for aerospace had at last worked themselves out: Italy was no longer an exception in this Euro–US interrelationship of the 1970s to the 1980s in preparing selective and variable international cooperation for world-wide competition in the new millennium.

¹⁰⁴HAEU, ESA 6921, 15 October 1979, visit to the new Italian minister Vito Scalia with Umberto Vattani, who had very probably been made aware of the geographical returns by Roy Gibson and Jan Stiernstedt, Chair of ESA Council (1978–1981).

Decay and Catharsis: Perceptions of the United States in Italian Political Cultures Between the 1960s and 1970s

Valentine Lomellini and Benedetto Zaccaria

INTRODUCTION

This essay describes the evolution of perceptions of the USA by Italian political cultures between the late 1960s and the mid-1970s—a crucial period, marked as it was by the war in Vietnam and the Watergate scandal—which proved to be central to the definition of Italian political and social attitudes towards the USA.¹ From a historiographical viewpoint,

¹This chapter is the outcome of a joint research by Valentine Lomellini and Benedetto Zaccaria. Although the authors share its general arguments and conclusions, the chapter sections are attributed as follows: Sect. 1 ('Diverging foreign policy perceptions') by

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much attention has been devoted in recent years to the development of Western Europeans' critical views of the USA at both political and social levels.² As shown by recent literature, this phenomenon contributed towards re-shaping traditional domestic alignments and creating trans-national networks among political movements. For instance, this was the case of West Germany and France, in which critical attitudes towards the USA were widespread, encompassing at times conservative, progressive, nationalist and internationalist political identities,³ although little attention has been paid to the Italian case. The few existing historical accounts of the subject have analysed the viewpoints of each Italian political party, limited to the early Cold War years but failing to address in comparative terms

Benedetto Zaccaria; Sects. 2 and 3 ('Converging visions of US society?' and 'Looking for the "Other America"' by Valentine Lomellini).

²See Paul Hollander, *Anti-Americanism Irrational & Rational* (New Brunswick-London: Transaction Publishers, 1995); Richard H. Pells, *Not Like Us: How Europeans Have Loved, Hated, and Transformed American Culture Since World War II* (New York: Basic Books, 1997); Susan Strasser, Charles McGovern and Matthias Judt (eds.), *Getting and Spending: European and American Consumer Societies in the Twentieth Century* (Cambridge: Cambridge University Press, 1998); David W. Ellwood, 'L'antiamericanismo in Europa: una prospettiva comparata', *Italia contemporanea* 217, (1999): 631–649; Jonathan Zeitlin and Gary Herrigel (eds.), *Americanization and Its Limits: Reworking US Technology and Management in Post-War Europe and Japan* (Oxford: Oxford University Press, 2000); Andrew Ross and Kristin Ross (eds.), *Anti-Americanism* (New York: NYU Press, 2004); Denis Lacorne and Tony Judt (eds.), *With US or Against US: Studies in Global Anti-Americanism* (Basingstoke: Palgrave Macmillan, 2005); Massimo Teodori, *Raccontare l'America: Due secoli di orgogli e pregiudizi* (Milano: Mondadori, 2005); Volker R. Berghahn, 'The debate on 'Americanization' among economic and cultural historians', *Cold War History* 10, no. 1 (2010): 107–130.

³On West Germany, see Christophe Hendrik Muller, *West Germans against the West: Anti-Americanism in Media and Public Opinion in the Federal Republic of Germany* (Basingstoke: Palgrave Macmillan, 2010); Alexander Stephan (ed.), *Americanization and Anti-Americanism: The German encounter with American culture after 1945* (New York/Oxford: Berghahn, 2004). On France, see Richard F. Kuisel, *Seducing the French. The Dilemma of Americanisation* (Berkeley: University of California Press, 1993); Alessandro Brogi, *Confronting America: the Cold War between the United States and the communists in France and Italy* (Chapel Hill: University of North Carolina Press, 2011); Philippe Roger, *Il nemico americano: genealogia dell'antiamericanismo francese* (Palermo: Sellerio, 2008); Valentine Lomellini, *Les Relations Dangereuses: French Socialists, Communists and the Human Right Issue in the Soviet Bloc* (Brussels: Peter Lang, 2012).

the perspective of the main Italian political cultures, that is, those of the Christian Democrats, Socialists and Communists.⁴

This chapter offers a preliminary comparative study of Italian perceptions of the USA, highlighting cultural overlaps, ideological similarities and transversal echoes going beyond the traditional attitudes of the three political cultures in both domestic and international domains. The main argument is that criticism of the USA was in fact a shared background which transcended both the governmental positions of the DC (Christian Democrat party) and the PSI (Italian Socialist party) within the centre-left governments, and the logic of opposition on the part of the PCI in the rapidly changing political framework of the late 1960s and early 1970s, affected by increased student and worker protests,⁵ and the simultaneous evolution of international *détente*.⁶ This chapter shows that, in the *Repubblica dei partiti* (Parties' Republic, as the Italian political system has been defined, due to the domination of its parties over the political system itself),⁷ the main parties acted like political movements in terms of ideological and political fluidity with regard to the superpower on the other side of the Atlantic.⁸ In other words, the endogenic fragmentation of Italian political parties, increasingly divided into internal factions (*correnti*) in the course of the 1970s, favoured convergence among further *correnti* belonging to competing political parties.

⁴See Piero Craveri and Gaetano Quagliariello (eds.), *L'antiamericanismo in Italia e in Europa nel secondo dopoguerra* (Soveria Monnelli: Rubbettino, 2004); Andrea Guiso, *La colomba e la spada: lotta per la pace e antiamericanismo nella politica del Partito comunista italiano, 1949–1954* (Soveria Monnelli: Rubbettino, 2006); Daniela Saresella, *Cattolicesimo italiano e sfida americana* (Brescia: Morcelliana, 2001); Pier Paolo D'Attorre (ed.), *Nemici per la pelle: sogno Americano e mito sovietico nell'Italia contemporanea* (Milano: Franco Angeli, 1991).

⁵Stuart J. Hilwig, *Italy and 1968: Youthful Unrest and Democratic Culture* (Basingstoke: Palgrave-Macmillan, 2009); Gerard-Rainer Horn, *The spirit of '68: Rebellion in Western Europe and North America, 1956–1976* (Oxford: Oxford University Press, 2007).

⁶See Marc Trachtenberg, 'The structure of great power politics, 1963–1975', in *The Cambridge History of the Cold War*, eds. Melvin P. Leffler and Odd Arne Westad, *The Cambridge History of the Cold War* (Cambridge: Cambridge University Press, 2010), 2: 482–502.

⁷See Pietro Scoppola, *La Repubblica dei partiti: Evoluzione e crisi di un sistema politico 1945–1996* (Bologna: il Mulino, 1997).

⁸Sidney G. Tarrow, *Power in Movement: Social Movements and Contentious Politics* (Cambridge: Cambridge University Press, 2012); Donatella Della Porta and Mario Diani (eds.), *Social Movements: An Introduction* (Oxford: Blackwell Publishing, 2006).

This essay is organised into three major sections. The first describes the sphere of foreign policy, in which traditional Cold War loyalties shaped the views of the three political cultures regarding the role of NATO and US policy in Western Europe during the Johnson and Nixon administrations. The second section shows how foreign policy divergences did not impede the emergence of an autonomous political culture, overcoming the various types of party logic. This autonomous culture, which appeared in the early 1970s, was characterised by harsh criticism of the role played by the USA in Indochina and an overall negative attitude towards the alleged decadence of US society and the endemic degeneration of the US economic system. However, such a pessimistic judgement did not prevent the formation of a shared belief in a possible ‘American redemption’. Indeed, as shown in the third section, Italian political cultures shared a spasmodic search for the *Altra America* (the ‘Other America’) represented by peace movements and the US liberal-democratic establishment, which was believed to be capable of rectifying what was perceived as a morally and culturally declining US society.⁹

DIVERGING FOREIGN POLICY PERCEPTIONS

Even during the early years of the Cold War, Italy’s Christian Democrat leadership was not unanimous in its perception of the USA. Indeed, the traditionally complex relationship between Catholicism and modernity, and the difficulty, for large sections of the Catholic world, to accept the secularisation of society implied by the ‘American way of life’ was often evident in the Christian Democrats’ attitude towards their US ally, influencing internal debate on the DC’s international attitude.¹⁰ The first

⁹See Bruce J. Schulman, *The seventies: The Great Shift in American Culture, Society, and Politics* (New York: The Free Press, 2001).

¹⁰See Vera Capperucci, ‘Le correnti della Democrazia Cristiana di fronte all’America. Tra differenziazione culturale ed integrazione politica’, *L’antiamericanismo in Italia*, 249–289. For a comparative analysis on Italian political parties’ perspective on the ‘American way of life’ in the early Cold War years, see Andrea Mariuzzo, *Divergenze parallele: Comunismo e anticomunismo alle origini del linguaggio politico dell’Italia repubblicana (1945–1953)* (Soveria Mannelli: Rubbettino, 2010), 241–284; Emanuela Scarpellini, ‘Le reazioni alla diffusione dell’American way of life nell’Italia del miracolo economico’, *L’antiamericanismo in Italia*, 353–364.

overt internal divisions in the foreign policy field emerged in the late 1940s, when the Christian Democrat prime minister, Alcide De Gasperi, was challenged by the leader of the party's progressive wing, Giuseppe Dossetti, over Italian participation in the Atlantic Pact.¹¹ Dossetti wanted a neutralist foreign policy, detached from both 'American and Soviet imperialisms'.¹² Famously, Dossetti's neutrally oriented line was doomed to failure. After the victory of the DC in the decisive elections of 18 April 1948 and the consequent defeat of the left-wing *Fronte Democratico Popolare*—which included both the PCI and the PSI—De Gasperi confirmed the Atlantic choice already manifested in 1947 for the Marshall Plan. He was greatly in favour of Rome's participation in the Atlantic Alliance and Italy's involvement in the first plans for an economically integrated Western Europe, then strongly supported by Washington.¹³ However, despite the 'Atlantic choice', the Christian Democrat leadership did not passively accept Washington's foreign policy towards Italy. After the April 1948 elections, the Christian Democrat leadership attenuated US anti-communist pressures in the Italian peninsula, developing a 'containment of containment' which primarily aimed at stabilising the internal political scene.¹⁴ Diverging perceptions of the USA within the DC also developed after the end of the De Gasperi era (the DC leader died in 1954), when the party proved to be divided over the inclusion of the PSI in the governing coalition. Amintore Fanfani's faction *Iniziativa*

¹¹Piero Craveri, *De Gasperi* (Bologna: il Mulino, 2006), 258–260; Elisabetta Vezzosi, 'La sinistra democristiana tra neutralismo e Patto Atlantico', in *L'Italia e la politica di potenza in Europa (1945–50)*, eds. Ennio Di Nolfo, Romain H. Rainero and Brunello Vigezzi (Milano: Marzorati, 1986), 169–194.

¹²See Paolo Pombeni, *Il gruppo dossettiano e la fondazione della Democrazia cristiana italiana (1938–1948)* (Bologna: il Mulino, 1979); Enrico Galavotti, *Il Professorino. Giuseppe Dossetti tra crisi del fascismo e costruzione della democrazia 1940–1948* (Bologna: il Mulino, 2013); Francesco Malgeri, *L'Italia democristiana. Uomini e idee del cattolicesimo democratico nell'Italia repubblicana (1943–1993)* (Roma: Gangemi Editore, 2005), 75–82.

¹³See Antonio Varsori, *La Cenerentola d'Europa? L'Italia e l'integrazione europea dal 1947 a oggi* (Soveria Monelli: Rubbettino, 2010), 31–118; Guido Formigoni, *La Democrazia cristiana e l'alleanza occidentale 1943–1953* (Bologna: il Mulino, 1996), 49–76.

¹⁴Mario Del Pero, *L'alleanza scomoda. Gli USA e la DC negli anni del centrismo (1948–1955)* (Roma: Carocci, 2001). See also Agostino Giovagnoli, *L'Italia nel "nuovo ordine mondiale". Politica ed economia dal 1945 al 1947* (Milano: Vita e Pensiero, 2000), 121–180.

Democratica, together with the DC's 'left-wing' circles, including *Base* and *Rinnovamento*, were ready to confront Washington's traditional reserve towards the establishment of a centre-left coalition, with the aim of enlarging Italy's democratic base.¹⁵ Conversely, 'cold warriors' within the DC, grouped under the leaderships of Giulio Andreotti, Mario Scelba and the faction of the so-called *Dorotei*, conceived themselves as the guardians of Italy's Atlantic choice and interpreted the 'opening to the left' (which, however, excluded the PCI) as a dangerous betrayal of Italy's Western choice.¹⁶

The debate over the inclusion of the PSI in the governing coalition was paralleled by the launch of a new foreign policy formula—the so-called *neo-atlantismo*—promoted by the progressive wing of the DC, which included personalities such as Amintore Fanfani, Giovanni Gronchi and Giorgio La Pira. *Neo-atlantismo* stressed Italy's ambition to play a prominent role in the Mediterranean arena and to renew relations among NATO members. However, this foreign policy was neither anti-Western nor anti-US: its main goal was to strengthen relations with the USA with the perspective of 'opening to the left'.¹⁷ The setting-up of the first centre-left coalition government in December 1963 did not imperil Italy's Atlantic choice.¹⁸ The DC's Secretariat General, headed by Aldo Moro between 1954 and 1964,¹⁹ was aware that the rigid framework of

¹⁵Marco Mariano, 'Divergenze parallele. L'amministrazione Kennedy e il centro-sinistra', *Italia contemporanea*, no. 204 (1996), 471–495; Umberto Gentiloni Silveri, *L'Italia e la nuova frontiera. Stati Uniti e centro-sinistra 1958–1965* (Bologna: il Mulino, 1998), 21–60; Francesco Malgeri, *La stagione del centrismo. Politica e società nell'Italia del secondo dopoguerra (1945–1969)* (Soveria Mannelli: Rubbettino, 2002), 373–378; Michele Marchi, 'Moro, la Chiesa e l'apertura a sinistra. La politica ecclesiastica di un leader post-dossettiano', *Ricerche di Storia Politica*, no. 2 (2006): 147–180. See also Vera Capperucci, *Il partito dei cattolici. Dall'Italia degasperiana alle correnti democristiane* (Rubbettino: Soveria Monnelli, 2010).

¹⁶Guido Formigoni, *Aldo Moro. Lo statista e il suo dramma* (Bologna: il Mulino, 2016), 137; Antonio Segni, *Diario (1956–1964)* (Bologna: il Mulino, 2012), 167; Manlio Brosio, *Diari di Washington 1955–1961* (Bologna: il Mulino, 2008), 531.

¹⁷Alessandro Brogi, *L'Italia e l'egemonia americana nel Mediterraneo* (La Nuova Italia: Firenze, 1996), 156–157; Agostino Giovagnoli, *Il partito italiano. La Democrazia Cristiana dal 1942 al 1994* (Roma/Bari: Laterza, 1996), 77.

¹⁸See Leopoldo Nuti, *Gli Stati Uniti e l'apertura a sinistra* (Roma/Bari: Laterza, 1999).

¹⁹See Michele Marchi, 'Aldo Moro, segretario politico della Democrazia cristiana. Una leadership politica in azione, 1959–1964', *Mondo Contemporaneo* 6, no. 2 (2010): 105–136; Paolo Acanfora, *Aldo Moro "politico dossettiano". Problemi storiografici e percorsi di ricerca* (Milano: Franco Angeli, 2011).

the Cold War made it hazardous for the DC to revise its Atlantic posture, because of the military protection guaranteed by the USA in Western Europe and Washington's support to the European integration process—one of the pillars of Italy's foreign policy.²⁰ This is clearly demonstrated by the foreign policy attitude of the centre-left coalition governments in the late 1960s in their unconditional loyalty to Washington,²¹ despite the opposition of much of the Italian Catholic world against US engagement in Vietnam during the Johnson administration.²² Faced with the wave of social and political unrest which swept over Italy in the late 1960s, the Christian Democrat leadership regarded NATO as the last guarantee against the *Fattore K* (the 'K factor', that is, the entry of the PCI into the governing coalition).²³ The DC also confirmed the traditional course of Italian foreign policy after the inauguration of the Nixon administration in 1969. Aldo Moro, Italy's foreign minister from August 1969 to July 1972 and later from July 1973 to November 1974, adopted a moderate policy *vis-à-vis* Nixon's 'imperial presidency', presenting a mediating attitude during the transatlantic drift which followed the US decision to suspend the convertibility of the dollar in August 1971,²⁴ and Henry Kissinger's highly debated 'Year of Europe' speech of April 1973.²⁵

²⁰See Antonio Varsori, *La Cenerentola d'Europa? L'Italia e l'Integrazione Europea dal 1947 a oggi* (Soveria Monnelli: Rubbettino, 2010), 31–118.

²¹Federico Imperato, *Aldo Moro e la pace nella sicurezza. La politica estera del centro-sinistra 1963–68* (Bari: Progedit, 2011).

²²Giuseppe Mammarella and Paolo Cacace, *La politica estera dell'Italia. Dallo stato unitario ai giorni nostri* (Roma/Bari: Laterza, 2010), 220–224; Daniela Saresella, 'La vocazione terzomondista del mondo cattolico negli anni Sessanta e il giudizio sulla politica internazionale statunitense', *L'Antiamericanismo in Italia*, 291–307. See also Leopoldo Nuti, 'The Center-Left Government In Italy And The Escalation Of The Vietnam War', in *America, The Vietnam War And The World. Comparative And International Perspectives*, eds. Andreas W. Daum, Lloyd C. Gardner and Wilfried Mausbach (Cambridge: Cambridge University Press, 2003), 259–278.

²³See Antonio Varsori, 'Scelta Atlantica e scelta europea nella politica estera italiana', in *Un ponte sull'Atlantico. L'Alleanza occidentale 1949–1999*, eds. Agostino Giovagnoli and Luciano Tosi, (Milano: Guerini e Associati, 2003), 263.

²⁴Duccio Basosi, *Il governo del dollaro. Interdipendenza e potere statunitense negli anni di Richard Nixon (1969–1973)* (Firenze: Polistampa, 2006).

²⁵See Formigoni, *Aldo Moro*, 201–211 and 276–277; Maria Elena Guasconi, 'Aldo Moro e l'anno dell'Europa di Kissinger', in *Una vita, un paese. Aldo Moro e l'Italia del Novecento*, eds. Renato Moro and Daniele Mezzana (Soveria Monnelli: Rubbettino, 2014), 615–628; Egidio Ortona, *Anni d'America, La Cooperazione 1967/1975* (Bologna: il Mulino, 1989), 3: 425–432. On the development of transatlantic relations during the

The instability of the international economy after the first oil shock (1973) and increasing Soviet influence in the Middle East and North Africa in the aftermath of the Yom Kippur War, made the continuation of a privileged axis between Rome and Washington a Cold War imperative.²⁶

This attitude is confirmed by analysis of the Christian Democrat press and periodicals between the late 1960s and early 1970s, which shows that the Cold War framework constituted a shared background which overcame internal divisions among the various factions of the DC. Journals and periodicals typical of the Christian Democrat panorama depicted the USA as a vilified country playing a misunderstood international role. That is, the USA was perceived as a global experimental laboratory which aimed at preventing other countries from repeating its own mistakes.²⁷ Washington was celebrated as an anti-Nazi and even an anti-communist stronghold, to which Italy—and Western Europe—were, and had been, indebted for its ‘containment strategy’ against ‘Communist, Russian and Chinese subversion’.²⁸ To those who expressed doubts on this point, the periodical *Concretezza*, directed by Giulio Andreotti, clearly stated: ‘Would you declare yourselves against the US intervention to save Western civilisation from Nazi fury?’²⁹ Along these lines,

Nixon era, see Daniel Möckli, *European Foreign Policy during the Cold War: Heath, Brandt, Pompidou and the Dream of Political Unity* (London and New York: I.B. Tauris, 2009); Jussi Hanhimäki, *The Flawed Architect: Henry Kissinger and American Foreign Policy* (Oxford-New York: Oxford University Press, 2004), 275–277; Geir Lundestad, *The United States and Western Europe since 1945: From “Empire” by Invitation to Transatlantic Drift* (Oxford: Oxford University Press, 2003), 162–163.

²⁶Guido Formigoni, *L'Italia nel sistema internazionale degli anni Settanta: spunti per riconsiderare la crisi*, in *L'Italia repubblicana nella crisi degli anni Settanta*, eds. Agostino Giovagnoli and Silvio Pons (Soveria Monnelli: Rubbettino, 2003), 1: 286; Daniele Caviglia and Massimiliano Cricco, *La diplomazia italiana e gli equilibri mediterranei. La politica mediorientale dell'Italia dalla guerra dei Sei giorni al conflitto dello Yom Kippur (1967–1963)* (Rubbettino: Soveria Monnelli, 2006); Silvio Labbate, ‘L'Italia e lo shock petrolifero del '73 tra interesse nazionale e vincoli euro-atlantici’, *Nuova Rivista Storica*, no. 2 (2011): 363–392.

²⁷Marcello Spaccarelli, ‘Una presidenza divisa tra riforme e guerra’, *Il Popolo*, 25 January 1973.

²⁸Pietro Quaroni, ‘La sfida antiamericana’, *La discussione*, no. 11, 23 March 1968, 21–23.

²⁹Andrea Piola, ‘Gli equivoci sul pacifismo e sulla non-violenza’, *Concretezza*, n. 18, 16 September 1967, 8–10.

Concretezza denounced the absence of a ‘European moral coherence with regard to the American guarantee’.³⁰ Even the periodical *La discussione*, more inclined to open debate on international relations, reiterated the ‘specific’ and ‘irreplaceable’ function played by NATO as a ‘stabilising element’ in the European continent.³¹

Famously, at this stage, the dividing line separating the position of the DC and the PCI was represented by Italian participation in NATO and, although to a lesser extent, their contrasting attitudes to the Nixon administration.³² During his first visit to Italy in March 1969, Richard Nixon was severely criticised by communist militants chanting slogans such as ‘Nixon, go home’ and ‘Italy out of NATO, NATO out of Italy’, and depicting the US president as a Nazi ruler. Italian Communists criticised the static vision of *détente* promoted by Nixon and his secretary of state, Kissinger, the escalation of US military intervention in Vietnam, and support to military dictatorships in Greece and Portugal.³³ Such attitudes reflected the Italian Communists’ traditional criticism of Washington’s ‘imperialism’ and, at the same time, the PCI’s willingness to emerge as the interpreter of Italy’s discontent about the US presence in Vietnam. This attitude manifested the continuity of the Communist political culture.

The death of the long-serving PCI leader Palmiro Togliatti in 1964 had indeed paved the way to a gradual, difficult change in the PCI’s internal and international stance.³⁴ After the interlude of Luigi Longo’s Secretariat (1964–1968), the new secretary general of the PCI, Enrico Berlinguer, had stimulated an innovative political strategy

³⁰Ubaldo Nieddu, ‘Dopo la sessione della NATO. Coerenza morale per l’America’, *Concretezza*, no. 12, 16 June 1970, 13–15.

³¹Arturo Pellegrini and Eugene W. Rostow, ‘La NATO: uno strumento di pace’, *La discussione*, no. 15, 7 June 1970, 16.

³²On the relationship between the PCI and the United States, see Mario Margiocco, *Stati Uniti e PCI 1943–1980* (Roma/Bari: Laterza, 1981).

³³Valentine Lomellini, ‘The Italian Communists’ Protest against US Foreign Policy from Nixon to Reagan’, in *Making Sense of the Americas: How Protests Related to America in the 1980s and Beyond*, eds. Hans Hansen, Christian Helm and Frank Reichherzer (Frankfurt-am-Main: Campus Verlag, 2015), 109–130.

³⁴Alexander Höbel, *Il PCI di Luigi Longo (1964–1969)* (Napoli: Edizioni Scientifiche Italiane, 2010), 393–401.

based on launching an historical compromise—grounded on dialogue between Italian Communists and Christian Democrats—and promoting ‘Eurocommunism’. This was a new international formula appealing to the French and Spanish Communist parties, which aimed at combining communism with liberal democracy.³⁵ The new international strategy of the PCI included criticism of the internal and international aspects of Soviet policy, which had first emerged in the aftermath of the Soviet invasion of Czechoslovakia in 1968,³⁶ and at the same time, the development of a *Westpolitik* which targeted both European social democrats and US liberals. Within this framework, riding the wave of protests against US ‘imperialism’ sweeping the whole peninsula as a reaction to US policy in Vietnam was interpreted by the Communist leadership as a forward-looking strategy which would strengthen its renewed national and international image.³⁷ In the late 1960s, the Foreign Section of the PCI carefully planned the ‘solemn launch’ of a political campaign against US foreign policy, designed to strengthen the party *vis-à-vis* a wide-ranging electorate composed of rioting demonstrators from various backgrounds, from the far left to the far right, and including some radical fringes of the Catholic world. In 1969 and 1970, the party’s Central Directorate—known as the *Botteghe Oscure*, from the name of the street in Rome in which it was located—organised a series of national and local anti-NATO meetings, in an attempt to confirm itself as the leading protagonist of Italian protest movements.³⁸ The PCI also organised

³⁵Roberto Gualtieri, *L’Italia dal 1943 al 1992, DC e PCI nella storia della Repubblica* (Roma: Carocci, 2006), 198–204; Silvio Pons, *Berlinguer e la fine del comunismo* (Torino: Einaudi, 2006). See also Giovanni M. Ceci, *Moro e il Pci. La strategia dell’attenzione e il dibattito politico italiano (1967–1969)* (Roma: Carocci, 2013).

³⁶Valentine Lomellini, *L’Appuntamento mancato. La sinistra italiana e il Dissenso nei regimi comunisti, 1968–1989* (Firenze: Le Monnier, 2010). On the Czechoslovak crisis and its international implications, see Mark Kramer, *Crisis in Czechoslovakia, 1968. The Prague Spring and the Soviet Invasion* (Oxford: Oxford University Press, 2001).

³⁷Adriano Guerra, *La solitudine di Berlinguer: Governo, etica e politica. Dal ‘no’ a Mosca alla questione morale* (Roma: Ediesse, 2009), 157–160.

³⁸Marcello Lazzarini, ‘Tutti i democratici lottino uniti per un’Italia senza basi straniere’, *L’Unità*, 13 July 1969, 2; Istituto Fondazione Gramsci, Rome (hereafter IFG), APCI, Sezione Lavoro Esteri, MF 0305, 3436–3437, Nota di Carlo Galluzzi per l’Ufficio di Segreteria—Convegno su ‘NATO-colonialismo-regimi fascisti’ e invito al congresso del Partito dell’Indipendenza malgascia, 4 July 1969.

nation-wide meetings against the Vietnam War in the wake of Nixon's first visit to Italy,³⁹ the rise of the students' movement, and the *autunno caldo* ('hot autumn') of 1969, which had mainly arisen due to the failure of the centre-left government coalitions to implement effective reforms in education and working conditions.⁴⁰ Portraying the USA as the representative of a 'new fascism' was the core of a political campaign which essentially represented a continuation of the Italian liberation war, the *Resistenza*, using different methods.⁴¹ Criticism against the 'American way of life' went hand-in-hand with a political campaign challenging the essence of NATO which, as claimed by the Communist press, had evolved into a super-European police force aiming at 'opposing political strikes, peace movements and similar manifestations'.⁴² The harsh tones of the Communist press were only partially shared by the PSI which, as already noted, had been part of the governing coalition since 1963. The Socialists placed themselves in what may be defined as an intermediate position, resulting from the party's foreign policy tradition, the recent union between socialists and social democrats in the PSU in 1968 and, lastly, increasing governmental responsibilities, starting from the early 1960s.⁴³ The Socialist party therefore stressed its equal distance from the superpowers, placing its own internationalism in a position of uncompromising opposition to the 'American, Soviet and Chinese logics of power'.⁴⁴ At the same time, it emphasised US responsibility for

³⁹ IFG, APCI, Sezione Propaganda, MF 305, 3251, Nota della Sezione Centrale Propaganda per Berlinguer e Cossutta, July 1969.

⁴⁰ Andrea Sangiovanni, *Tute blu. La parabola operaia nell'Italia repubblicana* (Roma: Donzelli, 2006), 125–126; Diego Crainz, *Il paese mancato. Dal miracolo economico agli anni ottanta* (Roma: Donzelli, 2003), 217–293; Silvio Lanaro, *Storia dell'Italia repubblicana. L'economia, la politica, la cultura, la società dal dopoguerra agli anni '90* (Venezia: Marsilio, 1992), 326–363; Giovanni Orsina and Gaetano Quagliariello, *La crisi del sistema politico italiano e il Sessantotto* (Soveria Monnelli: Rubbettino, 2005).

⁴¹ See Giovanni De Luna, *Le ragioni di un decennio. 1969–1979. Militanza, violenza, sconfitta, memoria* (Milano: Feltrinelli, 2009), 81–96; Angelo Ventrone, *Il nemico interno. Immagini, parole e simboli della lotta politica nell'Italia del Novecento* (Roma: Donzelli, 2005), 42–53.

⁴² Cesare De Simone, 'Con la NATO in casa non si vive in pace', *L'Unità*, 29 March 1969, 3.

⁴³ Tommaso Nencioni, 'Tra neutralismo e atlantismo. La politica internazionale del Partito socialista italiano 1956–1966', *Italia Contemporanea* 260, (2010): 438–470.

⁴⁴ Luciano Vasconi, 'Il nostro impegno per il Vietnam', *L'Avanti*, 28 gennaio 1973, 1; Pietro Nenni, 'Where the Italian Socialists Stand', *Foreign Affairs* 40, no. 2, 1962.

the Vietnam War and took part in pacifist initiatives on this topic.⁴⁵ The Italian Socialists' attitudes towards the US policy in Vietnam were clear and, to a certain extent, ran parallel to the Communist line. Socialist criticism of US foreign policy was due to the rise of the electoral consensus of the PCI after the launch of the 'historic compromise' in the early 1970s—to the detriment of the PSI. Under the leadership of Francesco De Martino, the Italian Socialists developed a foreign policy which, echoing the Communist line, exalted the anti-imperialist struggle in Indochina. The Italian Socialists stressed US responsibility for the conflict in Vietnam and celebrated the North Vietnamese army as the emblem of the war of liberation against Washington:

the dirty war of the Americans and their puppets has been prepared, accompanied and promoted through deceptions and defamations. This is shown by the incident in the Gulf of Tonkin and has been recognised even in the Pentagon's secret documents. And yet, despite the most serious uncertainties, the Vietnamese have won their war against American aggression.⁴⁶

However, Vietnam presented an unusual problem. It constituted an exception in the political thinking of the time, as it was a unifying factor among pacifist political cultures. The great attention paid by socialist militants and the general electorate to the war in Vietnam had led the Italian Socialist party to adopt a clear-cut position which condemned US interference in the area. It must also be noted that this more tenacious attitude towards the conflict in Vietnam allowed the Socialists to maintain their hold over the more radical factions within their party, thereby avoiding any shift towards the Communist sphere.⁴⁷ In fact, analysis of the Socialists' attitude towards the USA should not neglect the fact that the PSI's feelings towards Washington's international stance and the role of NATO were discordant. This was a direct consequence of the ten-year Socialist participation in the governing coalition, which clearly prevented the party from using a stronger campaign against the USA in

⁴⁵Ibid.

⁴⁶Ibid.

⁴⁷See Simona Colarizi, *Storia dei partiti nell'Italia repubblicana* (Roma/Bari: Laterza, 2006), 388–391.

the official party press, as *L'Avanti* had done. It was for all these reasons that the Socialists pursued a two-fold strategy: on one hand, they rejected the Communist rhetoric against Italy's participation in NATO, stressing the need to reform the Atlantic Alliance and to transform it into a 'means for achieving *détente*'.⁴⁸ On the other, following the contemporary rhetoric about the collapse of the 'optimistic myths of young America', the Socialists did not believe in the 'myth of the great power intervening in defence of the weak and the poor, to guarantee freedom and justice'.⁴⁹ According to *L'Avanti*, the deteriorated international image of the USA was due to Johnson's reckless administration policy in Vietnam. Recalling Kennedy's direct responsibility for US engagement in Vietnam, *L'Avanti* not only blamed his successor as responsible for the escalation of the war, but also described 1964 as the year when US society detached itself from its government's policy. Gaetano Arfé summarised it thus:

America gradually assumed greater awareness of the *impasse* into which the government had driven the country, [...] [while] the official apparatus continued along the same lines, uttering peaceful words and committing acts of war.⁵⁰

According to the Socialist view, it was ultimately in this period that a rupture had taken place between the 'two Americas': the bad one, officious and governmental, ready to play a daring role in South-East Asia, and the good one, which opposed the Vietnam War ('*L'Altra America*'). From the viewpoint of the Italian Socialists, the existence of this second, unofficial, America was epitomised by George McGovern's presidential candidacy. According to *L'Avanti*, McGovern effectively contributed towards interpreting the true spirit of the country and playing 'an important part' in 'determining the conditions of a peace agreement'.⁵¹

⁴⁸Francesco Gozzano, 'La NATO e il superamento dei blocchi', *Mondoperaio*, n. 4, April 1969, 3–4.

⁴⁹Gaetano Arfé, 'La sua causa è la nostra', *L'Avanti*, 7 June 1968, 1.

⁵⁰Francesco Gozzano, 'L'"altra America" per la pace', *L'Avanti*, 8 November 1968, 1.

⁵¹*Ibid.*

CONVERGING VISIONS OF US SOCIETY?

As noted above, the role of NATO and US policy in Western Europe led to a division among the three major Italian political cultures, although the way in which they interpreted and judged US society turned out to be a unifying element. The 1960s had clearly been marked by overall disillusionment with US primacy and the capacity of its 'irresistible empire'—once able to overturn 'Europe's bourgeois civilisation' and impose its consumer-oriented capitalism—to exert its global cultural hegemony domestically and internationally.⁵² Both the Vietnam War and the Watergate scandal had vitiated and contaminated the US model, that point of reference for Western European societies in the previous decades. Their views ranged across the Italian political spectrum, although with considerable differences.

The Italian Catholic world focused on the essence of US society,⁵³ which was believed to be affected by the germs of 'violence (...) in its own national character',⁵⁴ 'plagued by a consumer-deception neurosis',⁵⁵ and a 'poverty of welfare' which, according to the periodical *La discussione*, also affected the sacredness of the family, even leading to divorce.⁵⁶ Between 1969 and 1971, both *La discussione* and *Concretezza* published several reports which, in keeping with the attitudes of Catholic conservatives,⁵⁷ portrayed the USA as an opulent society consumed by the 'opium' of television, soaked in the myth of social climbing, and victim of the 'almighty dollar' (*Dio Denaro*). It was a country in which:

dancers' and singers' stomachs, bellies and breasts are served on silver plates, and made more exciting and appetising through feline movements

⁵²On the USA as an 'irresistible empire', see Victoria de Grazia, *Irresistible Empire: America's Advance through 20th-Century Europe* (Cambridge, MA: Harvard University Press, 2005); Roger, *Il nemico americano*, 512–519.

⁵³Daniela Saresella, *Cattolicesimo italiano e sfida americana* (Brescia: Morcelliana, 2001).

⁵⁴Ilario Fiore, 'Il filone della violenza', *La discussione*, no. 15, 27 April 1968, 21–22.

⁵⁵Ilario Fiore, 'Quando arriva Nixon. Inserto speciale', *La discussione*, no. 38, 23 November 1968, Supplement, 1–8.

⁵⁶Patrick Pen, 'L'America degli outs', *La discussione*, no. 12, 19 April 1969, 18. See also Daniela Saresella, *Dal Concilio alla Contestazione. Riviste cattoliche negli anni del cambiamento (1958–1968)* (Brescia: Morcelliana, 2005), 142–144.

⁵⁷Guido Panvini, *Cattolici e violenza politica. L'altro album di famiglia del terrorismo italiano* (Marsilio: Venezia, 2014), 211.

and contortions marked by psychedelic movements patently aimed at exciting the viewer's erotic feelings and impetuses.⁵⁸

A similar negative judgement was also made about the feminist movement, defined by a leading Christian Democrat reporter, Daniela Bini, as the movement of 'over-excited women' (*donne agitate*),⁵⁹ who, to a certain extent, denied the natural state of the world. Bini aimed at disproving the US feminist view and denied that there was any need for a social struggle. As she stated in *Concretezza*, this was due to the fact that:

If women are waking up, if their brains are starting to work on their own for the first time, our menfolk will not stop us, because they are walking with us, they have grown up in our own environment and are sensitive to our needs [...]. Any comparison between how men exploit women, how employers exploit workers, and how society exploits negroes, is, in my view, a grave mistake.⁶⁰

In other words, the so-called 'oppression' of women stemmed from 'a natural fact, the conception of children' and therefore women were not oppressed by a social class, but by their biological status.⁶¹ Overcoming the heart of the protest and practically disputing the alleged vanguard role played by the US feminist movement, Bini stressed the unnatural *rationale* of that movement because, in her view, US feminists continued to act in accordance with their 'psychological submission to men': 'The conscious and desperate denial of this natural condition, which is as old as the world, is [our] limitation. Women are a function of men, just as men are a function of women, because they are reciprocally necessary.'⁶² In other words, as noted above, US society could not play a role as

⁵⁸Daniela Bini, 'La TV americana vi toglie il respiro', *Concretezza*, no. 12, 16 June 1970, 27.

⁵⁹Daniela Bini, 'In piena rivoluzione le donne americane', *Concretezza*, no. 22, 16 November 1970, 23–27.

⁶⁰*Ibid.*, 27.

⁶¹*Ibid.* Similar views were also felt in American society, see Elisabetta Vezzosi, *Mosaico Americano. Società e cultura negli USA contemporanei* (Roma: Carocci, 2005), 119–124. See also Fiamma Lussana, *Il movimento femminista in Italia. Esperienze, storie, memorie (1965–1980)* (Roma: Carocci, 2012).

⁶²Daniela Bini, 'In piena rivoluzione le donne americane', *Concretezza*, no. 22, 16 November 1970, 23–27.

vanguard: on the contrary, it showed the artificiality of its lifestyle and its struggle against natural, irreversible phenomena ‘as old as the world’. This attitude reflected the ambiguous relationship between Catholicism and modernity, and the fear that the advanced secularisation of US society might affect the ‘natural law’ defended by the Christian tradition.⁶³ The attitude of the Christian Democrat press to US society was therefore irreversibly negative and, to some extent, close to that characterising the Italian communist culture.

Italian Christian Democrats and Communists shared a Manichean view of US society. In their opinion, it was divided by its own contradictions. The USA was perceived as an ‘industrially, technically and financially (...) advanced’ country which, however, hosted a ‘Biafra’ of poor, malnourished people.⁶⁴ Yet Christian Democrat periodicals, even the less traditional ones, like *La discussione*, were worried by the ‘Biafra of the soul’ rather than the economic and social difficulties affecting a huge number of US citizens. It was consumerism and the desire to imitate ‘the neighbours’ in order ‘to possess what they possess’ which had led the Americans to the emptiness and futility of all that is superfluous and the so-called ‘welfare of poverty’. This situation split families, sometimes led to divorce, and obliged parents to ‘spend months in the law courts, not only to determine who should take care of their children but also to decide who would have to pay the debts of their past lives together’.⁶⁵ The ‘welfare of poverty’ was a symbol of decay, not only from the economic and social viewpoints, but also in the moral sphere, as it affected intimate family life. The Italian Communists were also worried by such moral decay, revealed by internal reticence within the PCI about the divorce law, introduced in Italy in 1970 and later confirmed in the 1974 referendum.⁶⁶ It is therefore not surprising that the two major Italian ‘churches’—as the main Italian parties were frequently called—shared similar ostracism towards the lack of moral values in the US way of life. What *is* surprising is the shared view of the decay of US society.

⁶³Saresella, *Dal Concilio alla Contestazione*, 142–144.

⁶⁴Pen, ‘L’America degli outs’.

⁶⁵*Ibid.*, 18.

⁶⁶Fiammetta Balestracci, ‘Il Pci, il divorzio e il mutamento dei valori nell’Italia degli anni Sessanta e Settanta’, *Studi Storici*, no. 4 (2013): 989–1022; Colarizi, *Storia dei partiti*, 453–454. See also Giambattista Sciré, *Il divorzio in Italia. Partiti, Chiesa, società civile dalla legge al referendum* (Milano: Bruno Mondadori, 2007).

According to the Communist press, this was due to a profound crisis,⁶⁷ and structural deformities (*storture di fondo*),⁶⁸ in US society. One instance of this was shown by the reactions of the PCI to the resignation of US secretary of state William P. Rogers in August 1973. On that occasion, *L'Unità* stated:

The resignation of US Secretary of State Rogers confirms the depth, drama and vastness of a crisis affecting the whole of American society, in all its social strata, in all its values (political, moral and ideological), which cannot be overcome, let alone solved, by the US ruling class.⁶⁹

This so-called 'degeneracy' of the country's ruling class, as it was called by *L'Unità*,⁷⁰ was demonstrated precisely by the frictions between the outgoing secretary of state and President Nixon who, with the support of Kissinger, was accused of using unscrupulous methods to justify the position of the USA. According to *L'Unità*, the resignation of Rogers, until then considered loyal to Nixon, together with the latest developments in the Watergate scandal, only proved the existence of a 'disquieting' and 'poisoned' atmosphere throughout the USA. This was how *L'Unità* highlighted the 'decay of the [US] ruling class' and the increasing dismay of US public opinion.⁷¹ Instead, the Socialist view of the USA was severe but not inflexible. Rather than focusing on the endemic degeneration of the US system, the Socialists were concerned about the crisis of the capitalist system and the existence of a 'climate of reactionary fanaticism' within a society 'shrouded in the fearful and acrid fog of violence'. Following its traditional criticism towards the capitalist system, *L'Avanti* proved to be confident in the 'resumption of American liberal democracy' and its ability to 'fight occult and overt forces relying on war and reaction'.⁷² The loss of prestige affecting the USA lay at the very core of socialist criticism.⁷³ Here too, the Vietnam War was a sort

⁶⁷ *L'Unità*, 2 August 1973, 1.

⁶⁸ *L'Unità*, 24 August 1973, 1.

⁶⁹ A.S., 'Conferma di una crisi', *L'Unità*, 23 August 1973, 1.

⁷⁰ *L'Unità*, 24 August 1973, 1.

⁷¹ A.S., 'Conferma di una crisi', *L'Unità*, 23 August 1973, 1.

⁷² Gaetano Arfè, 'La sua causa è la nostra', *L'Avanti*, 7 June 1968, 1.

⁷³ Gaetano Arfè, 'L'anno che si chiude', *Mondoperaio*, no. 11–12, November–December 1967, 1–3.

of generalised argument, allowing harsh criticism towards Washington's international role, but without slipping into systematic condemnation of US society. The Socialists therefore limited their criticism to the 'loss of American democratic and civil prestige'.⁷⁴ For the Socialist press, America was always America even though, in order to recover its prestige, it had to re-discover itself.

Yet, at the same time, the Italian Socialists were able to defend their own position within the increasing protest movements, challenging the leadership role of the PCI and the rise of extra-parliamentary movements.⁷⁵ Faced with international developments in Vietnam, the Middle East and Greece, the PSI professed itself as the party of peace, freedom, and opposition to fascism and colonialism. Although it was part of the governing coalition, the PSI asserted its leadership role within the ranks of critics who were against the US's international role in the geopolitical areas mentioned above.

LOOKING FOR THE 'OTHER AMERICA'

The three political cultures examined here were also characterised, although to different extents, by their search for liberal-democratic interlocutors able to rectify the corrupt US society.⁷⁶ This search was an important although not essential element in Christian Democrat perceptions of the USA, and concerned a number of periodicals, including *La discussione*.⁷⁷ This quest for the *Altra America* was linked to the emergence of a new Christian Democrat political culture after the Second Vatican Council (1962–1965).⁷⁸ This major event, concluded by Pope

⁷⁴Ibid.

⁷⁵Andrea Spiri and Victor Zaslavsky, 'I Socialisti italiani e il Dissenso nell'Est Europeo', in Bettino Craxi, *il socialismo europeo e il sistema internazionale*, ed. Andrea Spiri (Venezia, Marsilio, 2006), 155–181.

⁷⁶Giorgio Spini, *America 1962* (Firenze: La Nuova Italia, 1962); Gianfranco Corsini, 'L'America del dissenso', *Il Contemporaneo*, March 1966; Massimo Teodori, *La nuova sinistra americana* (Milano: Feltrinelli, 1970); Fernanda Piovano (ed.), *L'altra America negli anni Sessanta* (Milano: Arcana, 1993), 9–56.

⁷⁷Ilario Fiore, 'Dalla 'nuova frontiera' agli anni dell'angoscia', *La discussione*, no. 18, 28 June 1970, 15–16.

⁷⁸Saresella, *Dal Concilio alla Contestazione*; Alessandro Santagata, *La contestazione cattolica. Movimenti, cultura e politica dal Vaticano II al '68* (Roma: Viella, 2016).

Paul VI, had led to renewed attention on the part of the Italian Catholic Church to the state of the developing world and, in particular, Latin America. Within this framework, the opinion of Christian Democrat periodicals had become increasingly critical of Nixon's 'imperial' policy in Southern America and Indochina.⁷⁹ This did not happen by chance. As mentioned above, sharp criticism of the Southern American dictatorships (and their foreign supporters) increased significantly in the early 1960s; some well-known cases of Catholic priest combatants—such as Camilo Torres—concerned observing Catholics and preoccupied the Catholic Church as an institution.⁸⁰ Facing this increasing challenge was a significant problem in the Italian Catholic world and, at the same time, contributed towards shaping the idea that the USA could remain a valid point of reference, because of the presence of the *Altra America* (although Washington could be criticised for its foreign policy and some aspects of its internal affairs).

Similarly, the search for the 'Other America' was central to Communist attitudes towards US society. Despite harsh criticism of the imperialist policy of the USA during the post-war period and contradictions threatening the social relationships and political superstructures of the country,⁸¹ *Botteghe Oscure* detected the existence of the *Altra America* in the peace and Afro-US movements, revolutionary icons such as political activist Angela Davis, and several representatives of the liberal-democratic establishment who had directed internal protests against the war in Vietnam and the US military industrial system. This included William Fulbright, long-serving chairman of the Senate Foreign Relations Committee,⁸² Mike Mansfield, head of the Democratic majority in the US senate,⁸³ and Edward Kennedy, a leading member of the

⁷⁹Ibid.

⁸⁰Daniela Saresella, 'La vocazione terzomondista del mondo cattolico degli anni Sessanta e il giudizio sulla politica internazionale statunitense', *L'antiamericanismo in Italia*, 295–296.

⁸¹*L'Unità*, 24 October 1973.

⁸²Randall B. Woods, *J. William Fulbright, Vietnam, and the Search for a Cold War Foreign Policy* (Cambridge: Cambridge University Press, 1998); William C. Berman, *William Fulbright and the Vietnam War: The Dissent of a Political Realist* (Kent, Ohio and London, England: The Kent State University Press, 1988).

⁸³See Gregory Allen Olson, *Mansfield and Vietnam. A Study in Rhetorical Adaptation* (East Lansing: Michigan State University Press, 1995); Donald A. Ritchie, 'Advice and Dissent. Mike Mansfield and the Vietnam War', in *Vietnam and the American Political*

Democratic Party.⁸⁴ In the eyes of the Italian Communists, he symbolised a new ruling class, aiming at developing a more democratic domestic system and implementing a foreign policy based on true *détente* between the superpowers.⁸⁵ This interpretation seemed to be confirmed by the revelations of the Watergate scandal, which was regarded by the Communist press as an opportunity for redemption in US society. The very emergence of the scandal and the ensuing indignation of the US public demonstrated that the *Altra America* was not just a dream. This is particularly well shown by the attitude of Giuseppe Boffa, a prominent Italian Communist journalist with many connections with the US political and intellectual environments. In the aftermath of the Watergate scandal, he praised ‘the strength of the US political system’,⁸⁶ arguing that, in corrupt US society, high-level democratic actors had been able to make themselves heard.⁸⁷ These views seemed to be even more clear-cut in the Socialist press, which entrusted to the joint efforts of the US protest movements and the Liberal Democrat partisans the daunting task of leading the USA out of the quagmire into which it had been dragged by the Johnson and Nixon administrations. The Socialists hoped that ‘American youth [would purify] Washington’s polluted atmosphere’.⁸⁸ As noted by *L’Avanti*, the Italian Socialists supported this effort,⁸⁹ which was believed to be that of most Americans,⁹⁰ that is, the political ‘orphans’ of the Kennedy era.

Tradition. The Politics of Dissent, ed. Randall B. Woods (Cambridge, Cambridge University Press, 2003), 171–203; Melvin Small, *Antiwarriors: The Vietnam War and the Battle for America’s Heart and Minds* (Williamsgton: Scholarly Resources, 2002).

⁸⁴See Murray B. Levin, *Kennedy Campaigning: The System and the Style as Practiced by Senator Edward Kennedy* (Boston: Beacon Press, 1966).

⁸⁵‘Non dar pace a Nixon’, *L’Unità*, 3 October 1969, 1.

⁸⁶*L’Unità*, 20 July 1974, 1.

⁸⁷*L’Unità*, 24 October 1973. See also Valentine Lomellini, ‘The PCI and the USA: rehearsal of a difficult dialogue in the era of *détente*’, *Journal of Modern Italian Studies* 20, no. 3 (2015): 346–360.

⁸⁸Luciano Vasconi, ‘Le due Americhe del dissenso’, *Mondoperaio*, no. 10, October 1967, 7–8.

⁸⁹Gaetano Arfè, ‘La sua causa è la nostra’, *L’Avanti*, 7 June 1968, 1.

⁹⁰Loretta Valtz Mannucci, ‘Nixon, l’establishment e la “maggioranza silenziosa”’, *Mondoperaio*, n. 11, November 1969, 10–13.

As noted above, the ‘myth’ of John F. Kennedy was yet another common feature characterising the three political cultures examined here. Although it emerged clearly in the wake of the second assassination—that of Robert Kennedy in June 1968—this myth can in fact be found in the Christian Democrat, Socialist and Communist newspapers and magazines, both before and after the tragic event. According to the Christian Democrat magazine *La discussione*, Robert Kennedy was the right man to save ‘America’s green years’, that is, those of the Kennedy presidency.⁹¹ Robert (nicknamed Bob) was therefore depicted as a ‘political man able to manage his humanitarian passions’,⁹² to the point at which he had supported the protests against the Vietnam War and advocated social peace. According to the progressive sections of the DC, the murder of Robert Kennedy in 1968 was comparable to that of Abraham Lincoln, since the two men had been advocating ‘a similar defence of freedom and dignity of the human race’.⁹³ The ‘Kennedy myth’ enshrined that of a universal ‘policy of hope’, which was to survive the tragic deaths of its main protagonists.⁹⁴ It also survived the scandals overwhelming Edward Kennedy, the last politically active member of the family.⁹⁵ All in all, the myth of the Kennedys was ‘a major legacy which American society could deploy to recover from its own spiritual disease’.⁹⁶

The Italian Socialist magazine *Mondoperaio* did not hesitate to define Bob Kennedy as the symbol of the ‘best America (...), the America of public dissent, a man who had espoused the cause of black people, the poor and students in order to change the country’s face’. Not surprisingly, *Mondoperaio* concluded that his death had put a symbolic end to ‘hopes for a better America’.⁹⁷ In 1968, after his assassination, Luigi Longo, the secretary of the PCI, published two critical statements

⁹¹Ilario Fiore, ‘La restaurazione dei Kennedy’, *La discussione*, n. 13, 23 March 1968, 19–21.

⁹²Ilario Fiore, ‘Il filone della violenza’, *La discussione*, n. 15, 27 April 1968, 21–22.

⁹³Ilario Fiore, ‘Tragedia americana’, *La discussione*, n. 22, 23 June 1968, 4–6.

⁹⁴Ilario Fiore, ‘Dalla “nuova frontiera” agli anni dell’angoscia’, *La discussione*, n.18, 28 June 1970, 15–16.

⁹⁵Pino Cimò, ‘Dopo la caduta’, *La discussione*, no. 1, 17 January 1970, 18.

⁹⁶Mauro Bellabarba, ‘Non convince gli americani la “nuova rivoluzione” di Nixon’, *La discussione*, no. 5–6, 14 February 1971, 19–20.

⁹⁷Francesco Gozzano, ‘Hanno ucciso Robert Kennedy’, *Mondoperaio*, no. 5–6, May–June 1968, 1–5.

addressing Bob's political legacy, in which expressions of sorrow were flanked by clear-cut denunciations of the crisis affecting US society, and the statement that the *Altra America* was not the land Bob had represented. And yet, in the following months, the electoral ascent of the Republican party headed by Nixon led to a radical change in the PCI's overall public attitude towards Bob Kennedy, and induced the Italian Communists to regret the end of Kennedy's peace strategy and to advocate 'a more liberal' and effective leadership in the Democratic party, that is, that of Edward Kennedy.⁹⁸ It was not by chance that the US liberal establishment was to emerge as one of the PCI's main counterparts in its attempts to strengthen relations with the US Democratic party at the dawn of the Carter presidency.⁹⁹

CONCLUSIONS

The late 1960s and early 1970s were a crucial period for defining the attitudes of the main Italian political cultures *vis-à-vis* the USA. As regards US foreign policy, the perceptions of the USA by the Italian Christian Democrat, Socialist and Communist political cultures diverged, being greatly influenced by their own traditional international loyalties and attitudes. Contrasting judgements concerned the US role in NATO and Washington's policy towards its Western European partners—first and foremost, Italy. In this regard, Italy's judgement of the USA wavered between the image of Washington as the champion of democracy and that of an imperialist and interventionist power.

Instead, surprising similarities among the three Italian political cultures arise when we analyse their perceptions of the US domestic situation. Condemnation of US intervention in Vietnam was a first major common ground, shared by large sections of the Catholic world, the PCI and the PSI. Criticism of Washington's role in Indochina went hand-in-hand with Christian Democrat, Socialist and Communist views on the moral decay of US society and the lack of elasticity in its political system. This led the three Italian political cultures to look for the *Altra America* in the US liberal democrat establishment and the peace movements, which they hoped would be capable of healing the corrupt US society.

⁹⁸ Pietro Quaroni, 'La sfida antiamericana', *La discussione*, n. 11, 23 March 1968, 21–23.

⁹⁹ See Lomellini, 'The PCI and the USA'.

For the main Italian political parties, the Watergate scandal in early 1974 and Nixon's exit from the political scene—the very symbol of US imperialism—proved that ‘another America’ was possible. In particular, Italian politics seemed to be seduced by the liberal legacy of John F. Kennedy and his brother Robert, which enshrined the myth of a universal and moral attitude surviving the deaths of its protagonists. Starting from the late 1960s, criticism of the USA therefore emerged as a trans-party political and cultural identity. If we want to make sense of the criticism of US society which unified Italian politics after the fall of the Berlin Wall and the consequent end of traditional Cold War alignments, allowing a smooth transition towards the definition of new political identities in the early 1990s, it is from this identity that we must start.¹⁰⁰

¹⁰⁰See Antonio Varsori, *L'Italia e la fine della Guerra fredda: La politica estera dei governi Andreotti* (1989–1992) (Bologna: il Mulino, 2013).

Development Cooperation, 1958–1992: Party Politics and a Foreign Policy Debacle

Elena Calandri

DEVELOPMENT AID IN COLD WAR STUDIES

Development policies during the Cold War can usefully be examined in a variety of approaches: development strategies, the concept of development itself and associated debates all throw light on the structures and values of international governance.¹ During this period, the responsibility of rich countries towards poor ones came to be seen as an ethical and political obligation on the part of the international community. However, in a polarised system, aid was also viewed as an opportunity

¹On aid as an international mission and policy area, see Gilbert Rist, *Le développement. Histoire d'une croyance occidentale* (Paris: Presses de Sciences Po, 2013); Stephen Buzdugan and Anthony Payne, *The Long Battle for Global Governance* (London and New York: Routledge, 2016); David H. Lumsdaine, *Moral Vision in International Politics. The Foreign Aid Regime 1949–1989* (Princeton: Princeton University Press, 1993); Olav Stokke, *The UN and Development. From Aid to Cooperation* (Bloomington: Indiana University Press, 2009).

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and thus best understood as a form of realistic foreign policy. This was part of the *political* battle for the ‘hearts and minds’ of developing peoples and a weapon in the global Cold War. Recent historiography has investigated cultural models, concepts and structures for development to understand how they shaped developing societies and their *élites*.² Development cooperation was also, of course, an *economic* relationship, with potential advantages for both sides. While transferring resources, donors performed economic activities. These ranged from the disposal of agricultural surplus, sale of goods and the creation of investment openings. Donors gained contracts for supplies and for infrastructure works and, of course, access to raw materials. In other words, aid was partly economic donor diplomacy and partly international economic strategy,³ and also a matter for domestic politics and economics. They served, indeed, as a way to forge identity for donor societies, and for those same societies to build up consensus and ensure domestic and international legitimisation.

Italian development cooperation has been little investigated by historians. Those who do write about Italian attitudes towards developing countries have preferred to look at the politics of that relationship, even when massive economic assistance was involved.⁴ A wealth of research has dealt with the *Ente nazionale idrocarburi* (ENI), Italy’s energy company.⁵ ENI’s innovative economic diplomacy and cooperation projects have often been considered the most successful Italian approach to the developing world.

²On the USA, see Nils Gilman, *Mandarins of the Future. Modernisation Theory in Cold War America* (Baltimore: Johns Hopkins University Press, 2003); Michal Lathan, *Modernisation as Ideology. American Social Science and ‘Nation Building’ in the Kennedy Era* (Chapel Hill: University of North Carolina Press, 2000); on North European aid policies, Helge Øystein Pharo and Monika Pohle Fraser (eds.), *The Aid Rush. Aid Regimes in Northern Europe during the Cold War*, vols. 1–2 (Oslo: Gazelle Book Services, 2008).

³Laurence Badel, *Diplomatie et grands contrats. L’État français et les marchés extérieurs au XX^e siècle* (Paris: Publications de la Sorbonne, 2010).

⁴For example, Antonio M. Morone, *L’ultima colonia. Come l’Italia è tornata in Africa 1950–1960*, (Roma/Bari: Laterza, 2011); see also the path-breaking works of Paolo Borruso, e.g. ‘L’Africa nell’orizzonte italiano degli anni Ottanta e Novanta’, in *L’Italia contemporanea dagli anni Ottanta a oggi*, eds. Silvio Pons, Adriano Roccucci and Federico Romero (Roma: Carocci, 2014), 359–373.

⁵A new approach is given by Elisabetta Bini, *La potente benzina italiana. Guerra fredda e consumi di massa tra Italia, Stati Uniti e Terzo Mondo 1945–1973* (Roma: Carocci, 2013).

One reason for this lack of historical research is the difficulty in accessing Italian archival sources, particularly those of the Foreign Ministry. To this we must add the confusion and opacity of the data—a problem for the study of development all over the world, but one which is especially acute for Italy.⁶ Other reasons lie in the nature of the subject. In Italy, aid institutions and the legal framework for aid policies had a long gestation. There was little theoretical basis for action, only vague political guidelines and a prolonged scarcity of founding. Then, in the 1980s, there was a sudden, steep rise in such resources. Within the space of a few years, Italy leapt from eighteenth to fourth position among world-wide donors, but unfortunately the resulting aid action lacked direction and ended in disarray.

Why did development cooperation policy in Italy take shape so much later than in other developed countries? Why did it remain so weak, so vulnerable to manipulation and distortion? This chapter offers a reappraisal of Italian development cooperation against the backdrop of the bipolar system, suggesting a peculiar interplay between foreign policy and domestic change.⁷ This chapter describes three phases which highlight the primacy of domestic party politics in determining the planning and implementation of a proper aid policy: ‘Neo-Atlanticism’ and cooperation between the Christian Democrat and Socialist parties; international détente and the ‘historic compromise’ between the Christian Democrats and the Italian Communist party (PCI); and early globalisation and the ‘*Pentapartito*’. The study of Italian development cooperation suggests that diplomatic ambitions and domestic political drivers encouraged action, but were not able to consolidate and give substance to aid policies. When Italy reached a policy consensus in the 1980s—an achievement which most European countries had attained in the late 1940s—bureaucratic shortcomings and self-interest hindered development cooperation strategies.

⁶Data and analysis in Pierangelo Isernia, *La cooperazione allo sviluppo* (Bologna: il Mulino, 1995).

⁷This chapter draws on arguments and some material formulated in Elena Calandri, *Prima della globalizzazione. L'Italia, la cooperazione allo sviluppo e la guerra fredda 1955–1995* (Padova: Cedam, 2013).

‘NEO-ATLANTICISM’ AND THE ‘OPENING TO THE LEFT’: ITALY BECOMES A DONOR, 1958–1966

Italy began allocating development aid when it joined the Enlarged Program for Technical Assistance, created in 1950 by the United Nations. It did so after the 1949 inaugural speech by the US president Harry Truman, which launched the ‘Point Four’ technical assistance programme. In 1958, Italy joined the UN Special Fund, although this cannot be considered as the beginning of its development policy. Between 1947 and 1955, being barred from the United Nations by the USSR’s veto, Italy joined various UN agencies, programmes and initiatives open to non-members. It did so, of course, mostly to rehabilitate itself, having been badly tarnished by fascism and the events of the Second World War, and now wished to take its place in the international community.

However, the Christian Democrat governments of the 1950s also had more positive aims. From the Marshall Plan years onwards, leading political and economic groups believed that Italy’s structural problems could be resolved through international cooperation. More advanced countries could invest and lend capital, offer economic models, markets, technology and raw materials, and could also absorb surplus manpower. These countries could thus help to solve or remove the ‘bottlenecks’ of Italian modernisation, which risked its future political stability. Indeed, in the 1950s, while reconstruction turned into a ‘miracle’, and plans for the industrialisation of the *Mezzogiorno* captured the international imagination, Italy was a World Bank favourite, receiving seven separate loans.⁸

Italy had a clearly-defined attitude towards the financing of economic development, which was ‘from 1950 until at least 1960, the most passionately debated economic issue in the United Nations’.⁹ Other countries saw the world as being divided between rich developed donors and poor underdeveloped receivers. But Italy was a hybrid and, as a result, had a rather different perspective. In geographical, historical and cultural terms, it belonged to the advanced world, and it certainly boasted a modern north-west ‘industrial triangle’, and also had a large agricultural sector. The southern part of the country was pre-industrial, and

⁸Luigi Paganetto and Pasquale Scandizzo, *La Banca mondiale e l'Italia: dalla ricostruzione allo sviluppo* (Bologna: il Mulino, 2000).

⁹Edward S. Mason and Robert E. Asher, *The World Bank since Bretton Woods* (Washington D.C.: The Brookings Institutions, 1973), 383.

the north-east and centre were largely rural. Italy had poor infrastructure, public services and education, training and welfare structures. The international community would need to conceive a strategy for development in which incompletely developed countries could contribute their resources and capacities: for Italy, this meant manpower, know-how and the recent experience of a transition from a rural society to an industrialised urban economy. At the same time, such a country would need technology, technical assistance, investments and loans. Certainly, in the 1950s, the Christian Democrats and their moderate allies did not think that the young Italian republic could manage aid initiatives properly. After all, the country was still paying war reparations to Ethiopia, Libya, Yugoslavia, Greece, India and others; in addition, it was also financing, albeit with significant US help, a UN trusteeship in Somalia.

However, when in autumn 1960 the UN General Assembly voted for Resolution 1514, which promoted decolonisation, Italy had already extended concessional loans to Greece, Turkey and Yugoslavia. It had also been a founding member of the Development Assistance Group, set up on US initiatives. These acts depended on domestic politics and diplomatic strategies.

The late 1950s thus marked a turning-point in Italian history. The GDP grew at an average rate of 5.8% per year between 1951 and 1963, and was to grow by 5% between 1964 and 1973. Gold reserves steadily increased; the lira was stable after a return to convertibility; the balance of payments was sound; exports flourished; and industry was dynamic and competitive. As John F. Kennedy put it: ‘A nation once literally in ruins, beset by heavy unemployment and inflation, has expanded its output and assets, stabilized its costs and currency, and created new jobs and new industries at a rate unmatched in the Western world.’¹⁰

In the eyes of its Western allies, Italy’s economic achievements meant that it was now able to commit resources—‘soft’ loans and grants—to Less Developed Countries (LDCs). The Eisenhower administration had chosen Italy, together with the Federal Republic of Germany, as special targets in the campaign for ‘burden sharing’, a metaphor indicating US insistence that Europe pay a larger part of the defence of global Western

¹⁰<http://www.presidency.ucsb.edu/ws/index.php?pid=9331&st=italy&st1> (accessed on 15 November 2016).

interests. More specifically, Italy was called upon to shoulder a greater share of aid, above all in Southern Europe.¹¹

US expectations were matched by the Italian ‘boom’ and ‘neo-Atlanticism’. In the mid-to-late 1950s, ‘neo-Atlanticism’ was the name given to Italy’s desire to play a more senior foreign policy role within the Atlantic Alliance and at both regional and global levels, and was felt within the country’s political and economic leadership and within much of Italian public opinion. It was a reaction to economic recovery, political-diplomatic rehabilitation,¹² and international *détente*. Among the different shades of ‘neo-Atlanticism’, Amintore Fanfani, Christian Democrat secretary (1954–1959) and several times prime and foreign minister (1958–1966), paid special attention to emerging countries and in this Italy had many points in its favour. Here, after all, was a middle power in the centre of the Mediterranean, historically a crossroads for different cultures, the colonial involvement of which had ended with the Second World War. Italy was close to Africa and was linked by ties of blood with Latin America, where Italian emigrants had helped populate especially Brazil and Argentina. As such, Italy could become a bridge between the Western bloc and the developing countries in the twilight years of European colonial power. Fanfani, originally a professor of economics, also knew how such relations might foster Italian growth, in a period in which he was fully engaged in the setting-up of a mixed economy in Italy, with a sizeable state-owned share in key industrial sectors.¹³

ENI, the Italian state company for oil and gas, rapidly turned into a symbol of the Italian path to modernisation. Its bold breakthrough into Mediterranean and African energy markets raised many eyebrows with its revolutionary 75/25 formula of profit-sharing. In addition, its head, Enrico Mattei, a close ally of Fanfani’s, proved extremely skilful at creating new types of relationships between developed and underdeveloped countries. Via technical assistance, training and joint enterprises, ENI

¹¹The reference book on the subject is still Burton I. Kaufman, *Trade and Aid. Eisenhower’s Foreign Economic Policy 1953–1961* (Baltimore and London: Johns Hopkins University Press, 1982).

¹²Embodied in Italy’s admission to the United Nations and participation in European integration.

¹³Franco Amatori, ‘Beyond State and Market: Italy’s Futile Search for a Third Way’, in *The Rise and Fall of State-Owned Enterprise in the Western World*, ed. Pier Angelo Toninelli (Cambridge: Cambridge University Press, 2000), 128–156, here 132.

worked in the spaces opened up by decolonisation. Fanfani was also inspired by his close friendship with Giorgio La Pira, a charismatic figure within progressive Italian Catholicism, on the left wing of the DC: La Pira promoted interreligious dialogue and cooperation with anti-colonial movements.

However, the Cold War divide in Eisenhower's time was too rigid to allow even a small divergence from Atlanticism, particularly when connected with a domestic move to the left. In 1959, when Fanfani visited Cairo and signed economic cooperation agreements, there was national and international outcry. His interest in the 'Third World' and his preparations for a political alliance with the Socialist party were considered two equally dangerous sides of a single coin. Working with non-aligned developing countries created fundamental Cold War divisions on the domestic front, and Fanfani was eventually compelled to resign as party secretary and prime minister.

However, a new season opened and produced a decisive boost for Italian development aid from the USA with the new presidency. In his inaugural speech, John F. Kennedy spoke whole-heartedly about freeing the poor from need and leading a global campaign for development, connected with Cold War strategy by values of freedom, progressivism and modernisation. In spring 1961, George Ball asked the Western countries to commit 1% of their cumulative GNP to aid. Then, in late 1961, in the United Nations General Assembly, Kennedy launched his 'Decade of Development'.

This new momentum in global development policy marked a turning-point in Italian policy. Now back in power, Fanfani was again building up an alliance with the Socialist party. By taking part in the development aid campaign, he sought US support for his domestic plans.¹⁴ It was on these two foundations that, in spring 1961, Italy strengthened its engagement in the OECD's Development Assistance Committee (DAC). Then, in June, the so-called Martinelli Law, allowing 'soft' loans to LDCs, passed into law. An interministerial committee was set up to define political guidelines for the new aid policy. A dynamic economy, a suitable diplomatic position and convenient domestic political conditions meant that Italy had become a donor country.

¹⁴On this, see Leopoldo Nuti, *Gli Stati Uniti e l'apertura a sinistra, 1953–1963. Importanza e limiti della presenza americana in Italia* (Roma/Bari: Laterza, 1999).

Yet this set of favourable conditions did not produce consistent implementation. First to falter was the economy, when Italy's 'economic miracle' abruptly slackened in 1963. The political and social setting turned out to be even more important. The chief opposition party, the PCI, considered Western development aid to be a form of post-colonial exploitation and an instrument for subjugating newly independent states to capitalism: this was a period in which Cold War confrontation was moving beyond European borders. The PCI developed its own relations with pro-Soviet governments and movements within the international communist framework, where the PCI enjoyed prestige: it was the strongest communist party outside the Soviet bloc and had a long history. The LDCs valued relations with the party, as a channel to obtain funding from Moscow and East European governments. The PCI also organised assistance initiatives, sometimes through municipalities in north or central Italy. Support for the 'global revolution' dictated the party's policy towards LDC governments and associated movements.¹⁵

Among governmental parties, broadly-shared Neo-Atlanticist ambitions were not strong enough to resist overwhelming domestic preoccupations, since Italy's reputation was that of an affluent but still fragile country. The Liberals, Republicans, Social Democrats and the centre and right wings of the Christian Democrats, which controlled the Budget Ministry, the Treasury and the Bank of Italy, prioritised a balanced budget and an equilibrated balance of payments. While accepting that aid to Mediterranean and Middle Eastern countries could foster Italy's foreign policy aims, the centre-left coalition governments concentrated on the domestic North-South divide and on reform programmes. This meant that there were few funds available for 'soft' loans, and Somalia alone received grants. Only export credits were considered compatible with the needs of the Italian economy, as they helped domestic growth and the balance of payments. In fact, the Martinelli Law was designed, first and foremost, to increase the ceiling and risks covered by state guarantees on export credits. Only in its last section did the law deal with concessionary loans.

In the same period, Italian industrialists (including those in Italy's ample state sector) developed 'private aid': pre-investment studies,

¹⁵Paolo Borruso, *Il PCI e l'Africa indipendente. Apogeo e crisi di un'utopia socialista 1956-1989* (Firenze: Mondadori/Lemmonnier, 2009).

training, technical assistance, loans and, above all, export credits. In fact, in the next two decades, private aid would often exceed public aid. Export credits played a special role in external Italian economic activity, as in other fast-growing manufacturing economies such as West Germany and Japan. Private actors extended credits and the state guaranteed them against an increasing range of risks and for increasingly high sums. The state thus promoted exports to drive domestic output, while keeping the balance of payments in equilibrium. ENI not only developed industrial and financial cooperation schemes and investments, but also set up an institute to train managers and technicians for the energy industry, the *Scuola di studi superiori sugli idrocarburi*, in which experts, economists, and top members of the international development studies community, taught people from all over the developing world. Fiat invited the Ford Foundation, the International Development Agency and the UN Special Fund to join together in creating a centre in Turin for technical assistance for developing countries, within the framework of the International Labour Organisation. After 1962, the IRI also developed vocational education and training for experts and managers in developing countries.¹⁶ Technical cooperation was not only acknowledged as a prime form of development assistance, but also as a tool for penetrating and creating opportunities in developing markets.

The importance of exports and the participation of Italian firms in international tenders for supplies and infrastructure works put a strain on financial assistance. A few soft loans were extended to neighbouring Mediterranean countries such as Greece, Turkey and Yugoslavia; some money went to South-East Asia, where Italy responded to US requests to win over countries tempted by neutralism if not communism: these were the years of the war in Vietnam. More often, however, in the absence of institutions and guidelines for proper developmental aid policies, loans served the immediate interests of national firms, both private and state-owned. They were used to facilitate orders and commissions, although Italian financial aid remained small and fragmented, and had no clear direction or coherent strategy.

¹⁶ *Istituto per la ricostruzione industriale*, a state share-holding company created in 1933, which, by its peak in the mid-1970s, had grown into a super-holding including steel, machinery and much else. The role of state share-holding companies in LDCs needs further investigation, as little about foreign economic activities appears in the six-volume *Storia dell'IRI* (Roma/Bari: Laterza, 2013).

These low numbers attracted criticism from other DAC members.¹⁷ Italy had hoped that the DAC would be a forum for discussing and improving development policies, and sharing know-how, tools for aid, projects and capacity-building—something which a newcomer in development assistance, such as Italy, particularly sought. It was also hoped that the DAC could rebuild Italy's image as a valuable Western partner. In fact, it ended up as a kind of peer-review body, whose reports censured nations which did not comply with agreed rules and targets. Between 1963 and 1965, the DAC agreed on a definition of Official Development Assistance (ODA) including state grants and soft loans. This defined Italy's foreign aid in terms of private aid and export credits, with a few concessional loans and fragmented and random assignments: Italy, of course, ranked as a low donor.

However, in the DAC Italy stood alone in defending a flexible and comprehensive concept of aid, claiming the importance of trade, and arguing that financial aid should be the major, not the only, instrument for promoting development. Each country, Italy argued, ought to use those instruments for assistance which were best suited to local conditions, and its pragmatism clashed with other dogmas: the USA and Britain in particular remained committed to free trade between the northern and southern halves of the world. However, Italy's arguments were undermined by the evident link between the Italian concept of aid and commercial interests. In addition, it was claimed, Italy showed insufficient determination in creating an institutional structure for aid and in committing resources—something particularly striking, in view of Italy's continuing positive economic performance.

DÉTENTE AND 'HISTORIC COMPROMISE': 'THIRD-WORLDISM' WITHOUT A 'THIRD WORLD POLICY', 1970–1979

Reverses in the DAC prompted the strengthening of a new legitimising scheme for aid, based on support from the United Nations and a direct approach to the 'Global South'. Ever since the 1961 Resolution 1415 on the Decade of Development, Italian experts had emphasised the UN's exclusive legitimisation in 'sketching out in a global perspective a

¹⁷See annual reports and peer reviews of Italy's aid projects in OECD Historical Archives in Paris.

long-term action with a global vision of all major dimensions of development, not only in the economic sector, but also in the social, technical and educational spheres'.¹⁸ The UN represented the locus where interdependence, the matrix and foundation of what was becoming 'development cooperation', could work best. In the late 1960s, these ideas dominated the new Italian approach to aid. As one US observer remarked, it seemed that multilateral aid was now 'more acceptable to the Italian public, who are reluctant to accept massive external aid so long as domestic well-being has not substantially increased'.¹⁹

The protagonists in this new Italian conceptualisation of aid included once again Fanfani, foreign minister from 1965 to 1968 and, in 1965, chairman of the UN General Assembly, elected with Latin American votes. Other major figures included Social Democrat Mario Zagari and a Christian Democrat, Mario Pedini. During his 1965 chairmanship of the United Nations General Assembly, Fanfani had proposed to set aside a percentage of a defence cut to international aid, following East–West agreements on disarmament. At the 1968 UNCTAD meeting in New Delhi, Zagari proposed a 'global development strategy'.

Behind the new UN-inspired conceptual and political framework for aid was *détente* and the growth of the Group of 77. But 1968 and the 'shock of the global' further changed the outlook of developing countries and also augured a change in international hierarchies.

Domestically, support came from economic environments with interests in exports, foreign investments and international tenders; the tenders were becoming an industry in themselves in international organisations, development banks and donors' consortia. ENI lost its intellectual leadership after the death of Mattei in 1963, and after his successor, Marcello Boldrini left in 1967. But Italian industry, both state and private, was outward-looking and aggressively sought new markets to support faltering domestic consumption. In 1974, Italy ranked fifth in international tenders, with 5.92% of orders and commissions.

¹⁸Luciano Tosi, *Sulla scena del mondo. L'Italia all'Assemblea generale delle Nazioni Unite 1955–2009* (Napoli: Esi, 2010), doc.14, Discorso di Attilio Piccioni alla 17a sessione dell'Assemblea generale, 28 settembre 1962, 77.

¹⁹Lyndon B. Johnson Library, Papers of Lyndon Baines Johnson President 1963–1969, National Security File, Country File, Italy, Visit of President Saragat, 9/19–21/67, Background Paper, Italian Aid to LDC's, 13 September 1967.

Meanwhile, in the Vatican, the newly elected Pope Paul VI showed great interest in international politics, poverty and development, acknowledging the United Nations as ‘the true expression of the international community’,²⁰ emancipating aid from its Cold War logic. Religious NGOs moved from domestic assistance to missions abroad. Volunteers came to prefer Africa and Latin America to Italian urban settings. NGOs grew in number and sophistication. Their bonds with Christian Democrat exponents produced a ‘bottom-up’ request for state regulation, support and funding. In 1966, Mario Pedini and Ferdinando Storchi promoted the first law regarding the ‘*servizio civile*’,²¹ and international voluntary work. Pedini was among the few Christian Democrats with a deep interest in the developing world. From 1968 to 1974, he was undersecretary for foreign policy with a mandate for Africa, and Storchi was a former trade unionist with similar interests. In 1971, under Foreign Ministry supervision, Law 1222 on technical cooperation reunited all public technical activities and provided for regular financing: 81 million dollars from 1972 to 1978.

All this activity created new cultural and social bases for development cooperation, although the political foundations of change was cooperation between the Christian Democrats and the PCI. The steady electoral growth of the latter and its influence in taming the social turmoil associated with 1968–69, a situation which continued into the 1970s, made it a potentially valuable partner for the DC, now led by Aldo Moro.²² The national aid policy was chosen by those who wanted cooperation as a base for ‘domestic *détente*’ between the PCI and the DC–PSI: it was a foreign policy area, where consensus was possible and Cold War antagonism could be reduced. This dialogue anticipated substantial political cooperation. In fact, the dialogue on development aid was ‘the historic compromise’ *ante litteram*, the strategy Aldo Moro was to develop with PCI Secretary Enrico Berlinguer after 1975.²³

²⁰https://w2.vatican.va/content/paul-vi/it/speeches/1965/documents/hf_p-vi_spe_19651004_united-nations.html (accessed on 24 November 2016); see Andrea Riccardi, ‘Da Giovanni XXIII e Paolo VI’, in *Chiesa e papato nel mondo contemporaneo*, eds. Giuseppe Alberigo and Andrea Riccardi (Roma/Bari: Laterza, 1990), 236.

²¹ ‘Servizio civile’ was an alternative to compulsory military service.

²² Silvio Pons, *Berlinguer e la fine del comunismo* (Torino: Einaudi, 2006).

²³ The most recent analysis of the so-called ‘Third Phase’ is that of Guido Formigoni, *Aldo Moro. Lo statista e il suo dramma* (Bologna: il Mulino, 2016), 283–336.

Italy was not alone in basing aid policy on a broad political consensus among national parties. Since the late 1940s, development aid had become a consensus policy area in many northern European countries, a sort of external dimension of the domestic welfare state and a way to build up national identity. It not only defined a proactive, internationalist and ethical identity. In the eyes of social-democratic public opinion, it also compensated for belonging to the Western alliance and for the de facto abandonment of neutrality.

In Italy, however, a changed political situation had produced different results. The search for a consensus approach to relations with the LDCs and aid broke the taboo of cooperation across a domestic East–West divide. The convergence of the DC and PCI on development assistance reflected a peak in international *détente* and the emerging role of the Group of 77, represented by the 1974 Algiers Declaration on the New Economic International Order. A result of this was the foundation, in 1972, of the *Istituto per l'Africa, l'America Latina e il Medio Oriente* (IPALMO) which, for more than a decade, became the main Italian body for LDC relations: half think-tank, half lobby centre. IPALMO was set up by left-wing Christian Democrats, in particular Luigi Granelli; and also high-ranking communist politicians in the PCI's international network such as Giancarlo Pajetta and Renato Sandri, and Socialists like Luigi Anderlini. IPALMO members came from the DC, PCI, PSI and PSDI, from trade unions and politically engaged civil organisations and associations, and included academics and experts. Political parties were represented in carefully weighted proportions. The appointment as chairman of Franco Maria Malfatti, a young ally of Aldo Moro's—Malfatti had given up the chairmanship of the European Commission to re-enter national politics—indicated the high stakes involved. IPALMO promoted an approach aimed at taking advantage of *détente* and growing awareness in emerging countries, and was also connected with progressive LDCs. As the letter of invitation to join the institution read, in terms typical of its time:

Given the characteristics of its promoters, the Institute will be innovative in the relations which Italy intends to establish with emerging countries. In view of important recent events in international relations, the promoters wish to create a tool for dialogue and cooperation with African, Latin American and Middle Eastern countries which will set out policies on the part of all the real forces [*le forze reali*] of our country, a cultural action

not constrained by the usual schemes of domestic polemics; the Institute will therefore be able to communicate with third countries in different ways, while being able to adapt to different political realities at the same time.²⁴

In friendly and pro-Soviet LDC governments and movements, the PCI organised meetings, conferences and negotiations for aid. Arab countries including Algeria, Iraq and Syria, and the PLO, hosted PCI members wearing the semi-official hat of IPALMO. In particular, in the former Italian colony of Somalia, ruled since 1969 by the socialist Mohammed Siad Barre, the PCI built a special role for themselves, and Somalia occupied a central position in Italian aid plans.

After further PCI electoral successes in 1975 and 1976, and after Moro and Berlinguer had agreed on cooperation (the '*governo delle astensioni*' in 1976, then the '*governi di unità nazionale*'), the consensual approach became government policy. This common vision stopped short, however, of becoming an aid policy. The 'great seasons of shocks' (the salary shock, oil shock, monetary disorder and public finance shock) which struck the Italian economic system dominated domestic coverage,²⁵ and DC-PCI cooperation concentrated on overcoming stagnation, curbing inflation, limiting wage growth, controlling the state deficit and undertaking general restructuring. In some areas, Italy's need to find responses to its internal slow-down and to secure energy supplies through closer economic bonds with LDCs was emphasised.

Accordingly, Italy put its hopes in the so-called Euro-Arab Dialogue, a series of EEC-Arab League meetings held between 1975 and 1979.

²⁴ 'Per la caratteristica composizione del gruppo promotore, l'istituto non potrà non rappresentare un'innovazione nell'ambito dei rapporti che l'Italia intende stabilire con i paesi emergenti. In considerazione degli importanti avvenimenti verificatisi di recente sul piano dei rapporti internazionali, è sembrato opportuno ai promotori creare uno strumento di dialogo e collaborazione con i paesi dell'Africa, dell'America latina e del Medio oriente che tenda a esprimere una politica cui diano il loro contributo tutte le forze reali del nostro paese, e che sia espressione di un'azione culturale non costretta negli schemi usuali delle polemiche interne; capace quindi di instaurare con i paesi terzi un discorso articolato e sempre aderente alle diverse realtà politiche': Fondazione Istituto Gramsci, Roma, Fondo Giancarlo Pajetta, 1970-1990 Affari internazionali, b. 95, L. Anderlini a G. Pajetta, 7 February 1972.

²⁵ Luciano Segreto, 'Crisi della governance e rapporti con la politica', in *Storia dell'IRI* 3. *I difficili anni '70 e i tentativi di rilancio degli anni Ottanta* (Bari: Laterza, 2011), 320.

Some had ambitions here for triangular relations including industrial Europe, LDCs and rich oil-producing countries. The domestic sharing of power and other problems—including unemployment, terrorism and industrial restructuring—were still dominant concerns, and foreign aid remained low on the political agenda. It was time that the ‘Global South’ was at the forefront of international politics and pulled greater weight at the United Nations, influencing the international agenda as never before. However, while other donors increased their aid, Italy reduced it, and even failed to pay for compulsory contributions to the United Nations and its share of the World Food Programme. In time, Italy sought to solve its internal economic problems by closer integration with the European Community, via the European Monetary System and the Single Market.

The DC–PCI dialogue on LDCs and aid lasted from 1975 to 1979. For three years, parliament examined a comprehensive law for a unified development policy, aimed at defining institutions, competences, objectives and rules. The PCI and IPALMO advocated a financially independent agency, which would be open to civil society, stakeholders, experts, NGOs and so on. There were arguments about the institutional set-up of any future development policy. The Christian Democrats wanted the Foreign Ministry to manage development cooperation, which would then be a branch of foreign policy. But in 1977, the Budget Ministry gained control of the newly established rotating fund (*‘fondo rotativo’*) for loans, and the chairmanship of the new interdepartmental committee that was to supervise and coordinate Italy’s foreign economic aid. In the end, the foreign minister took over again, but many months were wasted in infighting: there was little feeling of urgency and no consensus, and the question of the control of Italy’s development policy reflected the hidden political warfare underlying *‘solidarietà nazionale’*.

While the debate in parliament continued, the resources for technical assistance went to a range of LDCs compatible with the ‘historic compromise’.²⁶ The greatest share of Italian aid passed through multilateral organisations, and residual funds were spread among pro-Western and pro-Soviet countries alike. A special place was held by governments and

²⁶In 1976–77, the PCI abstained, allowing the DC–PSI–PSDI–PLI coalition government led by Andreotti to govern; in 1978–79 it supported the government in the name of *‘solidarietà nazionale’*.

liberation movements in East and South-East Africa, from the Horn of Africa to Zimbabwe. Mozambique was the most striking example. PCI support for a Soviet-inspired liberation movement, the *Frente de Libertação de Moçambique* (FRELIMO) facilitated—after independence and FRELIMO's victory over the other independence movements—official Italian involvement in diplomatic relations, aid activities and financial assistance. Italy, in fact, became the first NATO country to sign a cooperation agreement with Maputo. Through the PCI's contacts and initiatives in Mozambique, Italy also became involved in the liberation movements in Southern Africa, Rhodesia, South-West Africa and South Africa, whose leaders came to Italy to participate in a conference in Reggio Emilia chaired by undersecretary Luciano Radi.²⁷ A common foreign policy was developed which offered Italy an international profile, hovering as it was in an international bipolar system.

Work in parliament for the law on development cooperation was a shared enterprise for adversaries who worked together in confronting the deep political, economic, social and security crises of the late 1970s, culminating in the kidnapping and murder of Aldo Moro in May 1978. However, the DC and the PCI remained on different sides in the Cold War. Italy's role in the Western bloc precluded the PCI from having a direct role in government and in defining Italian foreign policy. In spite of this, development cooperation allowed the PCI to play a semi-official role. Some freedom of initiative was allowed, but few funds were made available. Crucially, no institutions or structures for proper development policies were set up until the PCI returned to opposition in 1979. The party had a voice in foreign policy and assumed an increasingly 'state' approach but, as the DC never really lost control of development cooperation, the PCI never gave up its alignment with international communism and its pro-Soviet stance in global affairs, notwithstanding the increasing distance between its Italian leadership and the Kremlin. This was, after all, the decade in which the Cold War seemed likely to be decided in extra-European theatres, and 'anti-imperialism' and support for liberation movements had a special place in left-wing imagination. Thus, the PCI's engagement in Soviet-sponsored socialist revolutions

²⁷This was claimed as a major achievement by Berlinguer at the 15th PCI Congress in April 1979: see 'Le conclusioni del compagno Berlinguer', *L'Unità*, 4 April 1979, <http://www.dellarepubblica.it/congressi-pci/xv-congresso-roma-30-marzo-3-aprile-1979> (accessed on 7 January 2017).

was a non-negotiable part of its identity: perhaps, indeed, it became more important in the late 1970s, as Berlinguer gradually moved his party away from Soviet orthodoxy and towards Western democratic values.²⁸

‘PENTAPARTITO’ AND EARLY GLOBALISATION: TOO MUCH OF A GOOD THING, 1980–1992

In the 1980s, development cooperation saw a renewal of diplomatic ambitions on the part of a new coalition between the centre and socialist parties. This was the so-called ‘*Pentapartito*’ coalition, in power from 1981 to 1992, comprising the DC, PSI, PSDI, Liberal party and Republican party. This was then overtaken by support for international assistance in public opinion and civil society—support that most of the government coalition seconded. For the first time, the majority of Italian political parties saw development cooperation as a tool for consensus and identity building.

In diplomatic terms, for most of the previous decade Italy had been the ‘sick man of Europe’: it seemed to be on the verge of becoming communist, or of falling victim to anarchy or economic disaster. One of the major aims of the new coalition was to re-create Italy as a respected and credible partner of the West and of the international community: development assistance was seen as a good way of achieving this. The new Law 38 on development cooperation approved by parliament in early 1979 set up a Department for Development Cooperation within the Foreign Ministry, and the new service was organised on the model of the European Commission’s DG Development. After a decade of disarray, in 1980, a three-year plan was adopted, a 30% annual rate of growth for the fund assigned to cooperation was agreed upon, and concessional loans were again made. This new phase was characterised by a combination of Atlantic rationale (Malta, Turkey), humanitarian concern

²⁸For the PCI’s incomplete political revision under Berlinguer, and the 1981 declaration that after Afghanistan and Poland ‘la spinta propulsiva della rivoluzione d’ottobre’ was lost, see Pons, *Berlinguer*; Id., *The global revolution: a history of international communism 1917–1991* (Oxford: Oxford University Press, 2014); on Italian parties’ identity-building in the 1980s, Id., ‘La bipolarità italiana e la fine della guerra fredda’, in *L’Italia contemporanea dagli anni Ottanta a oggi*, eds. Silvio Pons, Adriano Roccucci, Federico Romero (Roma: Carocci, 2014), 35–53, here 41.

(the Sahel and the Andean Pact), and a willingness to make aid, once again, a tool in foreign policy. Special attention was of course given to the Mediterranean and aid was bilateral as opposed to multilateral. But Italy also took a strong position in the fight against poverty and the urgent requirement for 'basic needs', the new orthodoxy which had internationally replaced the struggle for growth and industrial take-off, the orthodoxy dominating the development strategies of the 1960s and early 1970s.

Energy and agriculture were being adopted as new priorities by most developed countries in this period; country-wide programmes were prepared in 1981 by Italy for Egypt, Somalia, Malta, Jordan, Zimbabwe and China.²⁹ One might wonder if the '*Pentapartito*' governments understood how deeply the international aid atmosphere was changing. Ronald Reagan in the USA, Margaret Thatcher in Britain and the international financial institutions under the 'Washington consensus' were rethinking its definition. Aid would no longer be an unconditional ethical obligation for wealthy countries but, rather, would be characterised by 'structural adjustment' and a whole series of economic and soon also political conditions. Western allies and international financial organisations were not the only objects of Italian diplomatic attitudes. The new diplomacy of aid was directed at the emerging countries themselves. This became even clearer after Bettino Craxi was appointed Italian prime minister in 1983, the first socialist to occupy the position in post-war Italy, who launched a new strategy of 'Third-Worldism'. By bringing together Atlanticism and 'Third-Worldism', Italy had a new series of policies with a truly global approach.³⁰

Massive emergency aid was directed to the Sahel, and also to Ethiopia and Somalia, the former Italian colonies in the Horn of Africa: Italy continued to believe that it was vital that the USSR should not be the only external point of reference. Italy assumed the responsibility for keeping Malta away from an anti-Western alignment with the USSR and Libya.

²⁹OECD, Comité d'aide au développement, Examen de l'aide 1981–1982, Mémorandum de l'Italie, DAC/AR(81) 1/12, 27 January 1982.

³⁰Ennio Di Nolfo, 'La politica estera italiana negli anni Ottanta. Relazione introduttiva', in *La politica estera italiana negli anni Ottanta*, ed. Ennio Di Nolfo (Manduria: Lacaita, 2003), 3–17; Paolo Borruso, 'L'Italia e la crisi della decolonizzazione', in Agostino Giovagnoli and Silvio Pons, *Tra guerra fredda e distensione* (Soveria Mannelli: Rubbettino, 2003), 397–442, here 408.

Mediterranean countries such as Egypt, Tunisia and Morocco obtained loans, technical assistance and food aid. Middle-income Latin American countries and China received assistance and investments. In 1989, Craxi was appointed, by UN general secretary Pérez de Cuéllar, as special representative for LDC debt, and was later special counsellor for development, a position formerly held by Bruno Kreisky and Gro Harlem Brundtland. Aid was, therefore, an instrument for a new Atlantic and global foreign policy, in which international organisations such as FAO, WHO, UNESCO, UNICEF, UNDP, the World Bank and the EEC had played important roles.

In Italy, although the government's international initiatives meant real consensus over development aid, strong popular support also led the governmental parties to commit more and more resources. The parties' consensus on appropriate funds for development cooperation, which emerged while Italy was still struggling with an economic crisis, unemployment, two digit-inflation and so on, was prompted by popular interest in the droughts and humanitarian crises, in the Sahel particularly, and the lesser developed countries in general. A campaign started by the Radical party in 1979 won huge popular support for a direct Italian contribution to rescue starving people in sub-Saharan Africa. This popular movement certainly deserves to be investigated in its own right. However, here we note only how a popular groundswell drove parliament to vote for increasing funds for development cooperation and emergency famine aid.

Such a consensus reflected the peculiar relations, during the 1980s, that allowed the PCI to retain a share in political decision-making, at both local and national levels: this is sometimes negatively defined as '*consociativismo*'. The PCI remained strongly committed to a North–South dialogue, although after 1981 that dialogue was rapidly losing vigour and credibility: the LDCs' economies had been ravaged by the fall in prices of raw materials and by the debt crisis. The PCI promoted alliances between a progressive Europe, anti-imperial Third World regimes and national liberation movements, as a way to supersede the bipolar system.³¹ With the Helsinki Act and the Charter of Economic Rights and

³¹ See Berlinguer's final speech at the PCI XV Congress, footnote 26. On the role of 'progressive Europe' as the framework and goal of the PCI in the early 1980s, see Luciano Barca, *Cronache dall'interno del vertice del PCI. Con Berlinguer*, vol. 2 (Soveria Mannelli: Rubbettino, 2005), 781.

Duties of States, the 1975 Lomé Convention between the EEC and 49 African, Caribbean and Pacific (ACP) countries, laid the foundations for a more just and stable international system.³² The PCI came to hold a positive view of the Lomé Convention and, in 1980, the European parliament PCI deputies promoted a renegotiation which stressed the twin aims of the development of ACP countries and the restructuring of the European economy. The PCI hoped that these measures would lead Italy and Europe out of the global economic down-turn. As the government rejected neo-liberal ideals in its dealings with the Third World and shared 'anti-colonial' rhetoric, the PCI and the government coalition found common ground.

Experts, stakeholders, industrialists, trade unions, as well as the '*Partecipazioni Statali*',³³ were still united around IPALMO, now led by Piero Bassetti, a former DC president of the Lombardy Region and an industrialist. All were keen to propose a uniquely Italian position, as, in fact, had occurred in the two large-scale conferences on development cooperation held in 1981 and 1985 in Rome. This did involve an understanding of the diversity and comprehensiveness of development cooperation as a mutually beneficial endeavour. But it was updated to the post-1970s' idea that the European and in particular Italian crisis would be superseded and that growth would be re-started by closer economic relations with developing economies. In development programmes, Italian '*Partecipazioni Statali*' in particular would, it was believed, find a way out of their economic plight.³⁴ Multilateral aid, which had been widely used in the previous decade and had been seen as more ethical and better suited to Italian circumstances, was now rejected as an admission of inadequacy. In contrast, bilateral aid was to become an

³²Fiamma Lussana, 'Il confronto con le socialdemocrazie e la ricerca di un nuovo socialismo nell'ultimo Berlinguer', in *Dollari, petrolio e aiuti allo sviluppo. Il confronto Nord-Sud negli anni '60-'70*, eds. Daniele Caviglia and Antonio Varsori (Milano: Franco Angeli, 2007), 211–242.

³³The Ministry of '*Partecipazioni Statali*' included IRI, ENI, EFIM and EGAM, which, during the 1970s and 1980s, had lost their managerial and economic excellence and were increasingly slowed down with political goals, requests for short-term employment, and local consensus building, especially in Southern Italy.

³⁴See, for example, Siro Lombardini, 'Le scelte della cooperazione nell'attuale fase dell'economia italiana e internazionale', in IPALMO, *Cooperazione allo sviluppo. Una sfida per la società italiana* (Milano: Franco Angeli, 1982), 169–175.

instrument for projecting development cooperation, in line with national values and objectives.

The domestic aid community was, to say the least, perplexed when their long-term ambitions and structural strategies and programmes were overwhelmed in 1985 by a popular and emotional outcry about the African humanitarian crisis. In March 1985, the so-called ‘Piccoli Law’, named after DC secretary Flaminio Piccoli, was hastily adopted by parliament, and Francesco Forte, a brilliant economic advisor to Craxi, was appointed high commissioner to the *Fondo Aiuti Italiano* and given a budget of 1900 billion lire.³⁵ Only the PCI and the Republican party voted against this new approach, which set a target of a two-year emergency intervention against hunger and drew in part on the funding assigned to ordinary development cooperation. The Piccoli Law and its implementation were not the result of a well-thought-out approach to development assistance. They were emergency procedures that did not comply with regular administrative rules and checks on appropriations, tenders and public payments. Development cooperation became closely associated with the Socialist party and its leader, and socialist networks and governments in the LDCs, such as Senegal, Argentina, Peru and Malta, but also Somalia and Tunisia. In these places, Craxi pursued personal diplomacy, obtaining high levels of funding for favoured countries.

Italian cooperation policy went hand-in-hand with Craxi’s Atlanticism *cum* ‘Third-Worldism’ and was part of a diplomatic plan aimed at shoring up Italy’s reputation in the international arena, an aim widely shared by Italian public opinion and political and economic *élites*. However, the cumulative effect of this sudden growth in funds, coupled with lack of experience and institutional capacity, not to mention rushed procedures and assignments, produced an organisational debacle. There was waste; the funds were often used poorly, and cases of corruption were reported. These facts weakened both emergency and long-term programmes in the late 1980s and, in 1992, became an essential part of ‘*Tangentopoli*’, the trials for bribery and corruption which marked the end of the Cold War in Italy and brought down the post-1945 party system.

³⁵See Forte’s testimony in http://www.camera.it/_dati/leg14/lavori/stenbic/58/2005/0913/s050.htm, session 13 September 2005, 49 (accessed on 14 April 2013).

Development cooperation was by no means unique in this respect. In the same years administrative weakness, the party system's degeneration and generalised corruption undermined several policy areas.³⁶ Abundance of resources and poor institutional organisations in this field certainly facilitated abuses and mistakes. This was a period in which the setting-up of the European Single Market increasingly forbade state aid and domestic monopolies, and imposed open state tenders for European competition. One wonders whether the *chasse gardée* of aid spending was not sometimes an instrument to help domestic firms overcome the shock of Single Market competition rules. This would make aid a further form of 'internal protectionism' which, in Italy, according to many observers, was the choice for European integration.³⁷

CONCLUSIONS

The three phases in Italian development aid policies examined here all show how diplomatic ambition and domestic policy needs worked together but tainted policy implementation. The slow advance and build-up of a community of aid workers, experts, interests and stakeholders advanced against variable governmental interest, scarcity of resources and the absence of a long-term vision or strategy for an Italian policy in development aid. Even when Law 38 established a Department for Development Cooperation in the Foreign Ministry in 1979, personnel were recruited from other ministries with no selection or preparation, and the Department was seriously understaffed. The emergence of an Italian development policy, and some element of continuity such as economic assistance for ex-Italian colonies and security-based aid for some Mediterranean countries, were combined, as we have seen, with less well-thought-out projects and with practices which reflected the deterioration of Italian politics and economics from the 1970s onwards.

³⁶With reference to European policy, see Antonio Varsori, *La Cenerentola d'Europa? L'Italia e l'integrazione europea dal 1947 a oggi* (Soveria Mannelli: Rubbettino, 2010), 355.

³⁷Kenneth Dyson and Kevin Featherstone, *The Road to Maastricht. Negotiating Economic and Monetary Union* (Oxford: Oxford University Press, 1999), 466.

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