

# The shock of the War and the advent of technocracy. The archipelago State and the birth of economic public bodies in Italy

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## Introduction: Italian public administration under stress

In the history of the Italian public administration, groundbreaking moments are rare. Even in changing political regimes, administrative continuity tends to prevail over change.<sup>1</sup> However, the advent of the First World War perhaps brought about the greatest moment of rupture in the contemporary history of Italian public administration. A high sense of urgency for change characterized the discussion and the action on public administration in these two decades, and the concept of ›stress‹ was a crucial element for the institutional innovations that occurred in this period. Here, we intend to analyze the concept of ›stress‹ on public administration at the meso-level, as pressure to change and to adapt, which finds expression in new institutional arrangements, in the Italian case, the creation of the new economic public bodies, governmental institutions but placed outside the ordinary public administration and independent from it. Over 300 public bodies were founded between the two wars in the financial, economic, social, and cultural sectors. In this article, we will focus on the public financial and economic bodies that were the longest-lived, the most influential

in policy-making, and were fundamental in shaping Italian economic and administrative governance well beyond the Second World War.

In this process of transformation of the Italian state, there was a co-presence of internal factors – the absence of a technocratic and managerial elite in public administration perceived as capable of addressing the fast socio-economic changes of that time, the scarcity of private capital for industrial development which required government intervention as compensation, the diffusion of new administrative cultures in the political and economic elite – and external factors – the war, the postwar industrial reconversion and the financial problems of the 1920s – in the production of stress on public administration between the two world wars. Consequently, systemic change and external challenges are deeply intertwined in the production of stress over public administration. The answer given by the Italian ruling class to this stress was to shape an ›archipelago-state‹, based on a panoply of new public bodies that fragmented the central government into many independent institutions. In some cases, these entities emptied the ordinary administration of powers and resources, but in most cases, the new interventions of the state in the socio-economic sphere passed

only through these new institutions. Ordinary public administration was, in other words, mostly excluded from the expansion of interventions and functions carried out by the state between the two wars in favor of public bodies. Indeed, after the war, the ordinary public administration was considered by a very large portion of the Italian political class as too legalistic, formalistic, and slow to deal with a fast-changing context that demanded more competencies, specialization, agility and to perform new tasks connected with the war mobilization and with the financial, industrial and social challenges.<sup>2</sup> As Carlo Schanzer – councilor of the state, centrist politician, and then foreign minister in 1922 – wrote during the First World War in an important essay that resumes the debate on public administration under stress in Italy at that time: »A good bureaucracy can be a very important coefficient of social progress, just as a bad bureaucracy can be the cause of serious disruptions and social and economic damage«. But he immediately added: »It is also clear that the problem of bureaucracy does not only present itself as a financial problem, of the more or less high cost of public services, but also and above all as a technical, political and moral problem«. And in the conclusion, he called for »more profound reforms, aimed at improving the technical progress of the administration and increasing its useful performance«.<sup>3</sup> In the meantime, three major free-marketer economists such as Maffeo Pantaleoni, Luigi Einaudi and Pasquale Jannaccone, separately from each other, had suggested »the attribution to the state of new powers in a field hitherto reserved for private individuals: the establishment of and participation in joint-stock companies«.<sup>4</sup>

In other terms, the political class and the economic establishment of different political and cultural positions did not trust the ordinary public administration, which was considered unable to answer to the new demands of politics, economy, and society. This happened, as previously pointed out, not only for the impact of the war but also for long-term factors. Indeed, Italy was a latecomer both in terms of state unification and industrialization. The first had determined the absence of a »state nobility«, as in France or England, capable of combining authority and competence at the top of the public administration.<sup>5</sup> There was not a public technocracy in Italy that politics could rely on to

respond to crises and manage modernization processes, particularly at the financial and economic levels.<sup>6</sup> The second had not yet produced a vast diffusion of large corporations and the managerialization process before the First World War and, above all, had not managed to express a sophisticated private financial market.<sup>7</sup> Italy suffered from a shortage of private capital and had a banking system that was too intertwined with industries and not very open to common investors.<sup>8</sup> It could not rely on a strong private technocracy nor on a self-sufficient financial market. Consequently, the Italian ruling class considered the state as a crucial factor in capitalistic development, and in the case of a financial crisis, it was the state that had to resolve it with new institutional creations. These factors, combined with the effects of war and then the financial crisis, led to the development of the archipelago state and the system of public bodies in the 1920s and 1930s.

## A new breed of public administrations and their historiographic relevance

The stress on public administration was addressed by the ruling class with institutional creativity through the establishment of new public organizations. As a consequence, the solution was the »unpacking« of public administration, with the birth of specialized public bodies managed by a new group of technocrats. The new bodies were public, fueled with government resources, but they were autonomous in terms of organization, contracts and human resource management. In other words, they can function as a private company but with public capital and control.

As in other experiences, the size and complexity of government were neither reduced nor simplified after the end of the conflict: the state increased its economic and organizational weight, but above all, in this process of enlargement, it produced experimental and innovative public institutions. In particular, starting from the Great War in Italy, there was a real phenomenon of »escape from the state«, understood as a process of parceling out and breaking down administrative unity in favor of the constitution of new public bodies that implemented

economic and social policies, removing these functions from ordinary public administration.<sup>9</sup>

This transformation marked a fundamental shift in the organization of the Italian state with the creation of a ›second bureaucracy‹, modeled on private sector governance and managerial techniques.<sup>10</sup> This is a phenomenon that occurred in different forms and under different regimes also in other European countries, concurrently with the creation of an international technocracy.<sup>11</sup> In Italy, due to the strong impact of the First World War on a backward economy and the characteristic of the Italian state previously mentioned, the process of transformation of public apparatus was particularly profound: an archipelago of new powers was created, often organized in capitalist forms, that were to leave a lasting mark on the state. This second bureaucracy, autonomous from the ministries and with strong technocratic and managerial veining, greatly influenced the forms of state intervention in the economy from the 1920s. A new reticular power, founded on these new public bodies, which maintained a certain degree of autonomy from politics, government, and ordinary public administration, was established to respond to the crisis of the state caused by World War I.

It was from the economic public bodies created between the First World War and the early thirties, such as INA, CREDIOP, ICIPU, INC, IMI, and IRI, that a new technocratic ruling class emerged.<sup>12</sup> An élite that would play an influential role in the economy, finance, and politics both during the fascist regime and in the republic after World War II.

Indeed, the escape from the state through the foundation of the public bodies would develop further during the fascist dictatorship. It would survive the Second World War, and it continued during the republic until the privatizations made at the end of the 1990s.<sup>13</sup> For all these reasons, it is necessary to focus on this historical passage of genetic change in the Italian state, which had its great driving force in the Great War. A set of transformations promoted by the conflict to which the ruling class responded in a unique and particular way, structurally transforming the institutional architecture of the Italian state.

Moreover, the conflict triggered a fundamental change in Italian politics and public administration: both during the crisis of the liberal state, which was unable to

govern modernization and mass democracy, and during fascism, which, as a new political movement, lacked expertise, Italy's political elites decided to rely on new institutions led by technicians and managers capable of administering the new relationship between state and market, and not on the ordinary public administration perceived as being too bureaucratic, legalistic and lacking in managerial competence. From that moment, the competent elite played a fundamental role in Italian political history.<sup>14</sup>

Finally, from a historiographical standpoint, the silent revolution of public bodies has been extensively analyzed in terms of economic history, legal history, and administrative history,<sup>15</sup> but many aspects still remain to be considered with regard to political history, above all in terms of relations between state powers, the political influence of public bodies and their leaders, continuity through different political regimes and the history of technocratic elites.<sup>16</sup> Consequently, our investigation will try to concentrate more on this historiographical void.

## The Italian public administration and the First World War

Between 1915 and 1918, the public administration went through an intense transformation. As previously stated, most of this transformation was an answer to the stress created by World War I and the advent of mass democracy. In particular, there are four major changes triggered by stress: the organizational transformation of state administration, the realignment of power structures between government, parliament, and administration, the mobilization of additional financial resources by the state for addressing reconstruction, and the blurred line between private and public law.

In broader terms, public administration went from the dimensions of an apparatus of still small proportions to those of a large and expanding bureaucracy, from a still very uniform and coherent structure to a much more varied and certainly much more inconsistent organizational structure. From this point of view, the stress on the administration caused by political and social changes was interpreted in an ambivalent way by the public debate, and it was considered a

problem and an opportunity at the same time. For free marketers, such as Einaudi, Pareto, and Pantaleoni, the ›trappings of war‹, that is, the new public institutions created to face the war effort, represented an excess of public interventionism from which we should have freed ourselves as soon as possible.<sup>17</sup> On the contrary, for the reformists, the moderate socialists, and the radicals such as Bissolati, Nitti, Giuffrida, and Beneduce, the administrative transformations of the war represented an opportunity to build more efficient administrative structures, there was talk of »industrial administrations,« of »Taylorism at the desk,« of a new »industrial democracy«.<sup>18</sup>

Moreover, the war marked an exceptional phase for the state; the government acquired »full powers« from Parliament, and the size of the executive grew rapidly to meet the war effort.<sup>19</sup> As a result of this state of emergency, the public administration saw its traditional institutional relationship of subordination to political rule weaken and, conversely, for the higher civil servants, in their new special offices and institutions, the margins of discretion and autonomy grew.

Everywhere in Europe and in the United States, the state of emergency produced by the conflict made it necessary to streamline procedures, reduce controls, and concentrate decision-making, but at the same time, public administration became more articulated and complicated, with a panoply of new bodies, institutions, and committees. The many new structures overlapped the existing ones, creating the need for rationalization and a re-organization of public administration at the end of the war.<sup>20</sup> In a successful book from the 1930s on »La réforme gouvernementale« Léon Blum went so far as to take the organization of the British war cabinet as a universal model of efficiency: »un comité de direction, comme il en existe dans nombre de sociétés industrielles ou financières, composé de peu de personnes«.<sup>21</sup> In Britain, as well as in France, Germany, and Austria-Hungary, the war acted as a powerful factor in administrative renewal. In Italy, military mobilization produced two effects of great political significance: it increased the tasks of the state, and consequently, those of the civil and military bureaucracy, and definitively, the war government integrated the high-state bureaucracy and corporate management into the country's ruling class, entrusting them, in a moment of national emergency,

with the direction of strategic offices, which were not merely bureaucratic but directly productive.<sup>22</sup>

The experience of the Italian war ministries and that of the commissariats or special offices, born from the parcellation of the large administrations and characterized by their reduced size and action on extremely circumscribed objectives, proliferated wherever greater effectiveness in the administrative sphere was needed. The executive enjoyed significant freedom with respect to Parliament in determining the organizational structures of the new apparatus, a prerogative that politics maintained after the conflict.<sup>23</sup>

To further understand the impact of the war-time expansion on the public administration, it is necessary to refer to the data published by the post-war commissions of inquiry: on 1 January 1921, there were 519,440 civil servants in Italy (including casual workers and railway workers), compared to 339,203 on 1 July 1915, since the beginning of the war there was therefore growth of 82% (equal to 180,237 more units). Public spending rose from 922 million to over 5 billion (+400%) in five years (1915–1920). In the same period, there were as many as 78 royal decrees modifying the workforce tables; 33 decrees periodically established the hiring of temporary and extraordinary workers, among them many women, until then (if we exclude telegraphs and a specific staff section in the Ministry of the Colonies) absolutely a minority in the Italian administration.<sup>24</sup> The growth was not only in terms of human resources but also in terms of institutions. Indeed, it was calculated that in Italy between 1918 and 1940, there were created more than 300 new public bodies to support the expansion of governmental functions in the financial, economic, cultural, and welfare sectors. This explosion of public bodies outside the perimeter of the ministries and ordinary public administrations created a mixture of fragmentation and innovation.<sup>25</sup>

The politico-administrative field was occupied by a vast conglomeration of new institutions, often exercising essential economic functions with the instruments and forms of private law. The new regulations profoundly modified the structure for ministries, fueling a series of new special offices, committees, and inter-ministerial bodies, which broke the rigid verticality of the pre-war structure. Transformations affected the culture of the administration itself:

*An administration in its essence conceived in the myth of controls and formal guarantees was forced by the war emergency to transform itself rapidly, especially in the economic departments, so as to correspond to the new needs that accentuated the dirigiste role of the state in the organization and planning of national production.*<sup>26</sup>

In these particular administrations, mostly linked to the emergencies of war mobilization, a decisive process of integration was carried out between bureaucratic skills and cultures external to the administration, with the involvement of top managers from industry, such as Oscar Sinigaglia, Alberto Pirelli, Silvio Crespi, and Ettore; or genuine exponents of the military technosystem, such as Alfredo Dallolio, or entry of exponents of the technical administrations into the political class, as in the cases of Roberto De Vito or Riccardo Bianchi.<sup>27</sup> In those war apparatuses, a possible alternative model of administration was also prefigured: specialized administrations, of small dimensions, with loose accounting rules, and with an organization inspired by »industrial criteria.« An administration that was, in fact, »non-bureaucratic.«<sup>28</sup>

This new type of administration belonged to most of the technical ministries created between 1915 and the end of hostilities, such as that of Maritime and Railway Transport (June 1916), Arms and Munitions (created in June 1917 in place of the previous Undersecretariat annexed to the Ministry of War), Food Supply and Consumption (May 1918), and War Assistance and Pensions (November 1917). The Undersecretaries for Procurement and Raw Materials (December 1918–June 1919, at the Ministry of Industry, Commerce and Labor, in turn derived from the split of the previous Ministry of Agriculture, Industry and Commerce), Food Supplies and Consumption (established within the Ministry of the Interior in October 1917 and then abolished to be transformed into an autonomous ministry), and Arms and Munitions (July 1915–June 1917). Then there were commissariats, led by one technical commissioner aided by a small team of technicians, such as the one for Aeronautics (at the Ministry of Arms and Munitions, November 1917) or the one for Fuels (August 1917, at the Ministry of Maritime and Railway Transport).<sup>29</sup> Finally, government committees were created by grouping

specific functions distributed in various ministries by subject, and this offered the model of coordination at an inter-ministerial level, which further disrupted the structure of the executive, implicitly strengthening the role of the Prime Minister.<sup>30</sup>

These »special administrations,« or administrative units »by objectives«, generally had specialized personnel equipped with strong technical skills. In the administration of industrial mobilization, in particular, an entire generation of officials was trained who came into contact with the immediate problems of production and economic organization, maturing a sensitivity completely unknown to the state bureaucracy.<sup>31</sup> The war legislation had established a Central Industrial Mobilization Committee and, as local executive bodies of this body, a number of regional committees.<sup>32</sup>

The mechanism thus developed by launching a regulated economy system gave rise to the appointment of representatives of private industry itself to government offices, and, with the radical change in the procurement system, formal controls and guarantees also made it easier for private firms to make considerable profits. These changes produced by the stress of war on public administration showed that institutional innovations were possible and that new organizational formulas could generate greater competence, efficiency, and effectiveness by derogating from the rigidity of ordinary public administration. In this environment, the foundations and predecessors of the new public bodies that would characterize the following decades were formed.

Experience of the conflict let it acquire new potential, showing it the way to rationalization under the banner of productivity and greater sensitivity for the social tasks of the state, but at the same time, it undermined the solidity of the pre-war legal traditions, opening up obscure external contamination from which new, unresolved problems of identity within the public sector arose.<sup>33</sup> For the great jurist Filippo Vassalli, writing in 1919, this change represented a »huge cataclysm that passed over the spirits and forms of private law;« indeed, boundaries between the public and the private sector now appeared much less clear than before.<sup>34</sup> In the same wake of Vassalli, there was Luigi Einaudi, the most prominent free marketer and liberal commentator of that time, who harshly criticized the »dictators to supplies,« a claim to point out the new



top administrative jobs emerged during the war and the new breed of »technocrats« and »professors« that aimed to direct the Italian economy through the new administrative institutions and powers.<sup>35</sup>

As noted by another great jurist of the time, Santi Romano, the expansion of the »public hand,« as had already been felt at the height of the First World War, does not only result in an expansion of the boundaries of administrative law and spaces of specialties of the relevant system.<sup>36</sup> The state that descends directly into the economic arena is forced to immerse itself in the organizational typologies and statutes of civil law. The very distinction between public function and private autonomy became uncertain. The state becomes an enterprise, a commercial company; it fully enters into »economic life«; from a political subject, it transitions into an economic subject, while the boundary between »public economy« and »public administration« is becoming inscrutable.<sup>37</sup> The spread of public, yet materially industrial and commercial, activities accelerate the contamination processes. The post-war interventionist state is not only a heavily regulatory state; it has become a state of direct administration, consistently with the new tasks of the welfare state and the entrepreneurial state.

However, this process was neither clear nor immediately accepted by all members of the ruling class, a substantial part of whom wanted to return to the legal and economic order that existed before the war. Indeed, in the postwar years, the controversy against the »trappings of war« of the state and the press campaign in favor of restoring the golden rules of the free market effectively summarize a very widespread point of view among the post-war ruling class. Once hostilities have ceased and the reconversion from the economy to that of peace has begun, a large part of bourgeois public opinion looks at the years of conflict as a necessary but temporary parenthesis. It is precisely in this cultural and political climate that post-war revisionism matured with its basic objective, »bureaucratic simplification.« The liberal prime minister Giovanni Giolitti explained to the Chamber in 1920, presenting his project for a parliamentary commission of inquiry into the organization and functioning of the central administrations and the services dependent on them, that »during the war multiple, cumbersome, often disorderly activities (were) hit, like

a cyclone, on the Public Administration, upsetting it all, both in its systems and in the old habits of scrupulous observance of the laws and parsimonious management of public money.«<sup>38</sup> Therefore, the main remedy capable of restoring lost rationality was identified in the return to pre-war conditions:

*Simplification of the administrative and control bodies achievable both with the reorganization of the offices and related responsibilities, and with the suppression of hierarchical grades and the reduction of personnel by no less than a quarter on average for each Ministry and for the Railway Administration of the state, taking inspiration from the experience gained from the functioning of the services during the war period.<sup>39</sup>*

If that experience taught anything – this was the dominant belief – it was that complex systems can function with reduced staff; the result was an inclination towards »simplification« that is well reconciled with the needs of post-war public finance. However, what remained on the margins of the debate on administrative reform was the profound transformation that had occurred in the meantime in the tasks and, in certain aspects, in the organizational structures of the war administration themselves.

Even the new bureaucracy that had grown up in the military or paramilitary apparatus, in reality, aimed at streamlining procedures and structures on the rationalized and essential model of the private company. Still, while the liberal line of bureaucratic simplification which was reduced, at least in the prevailing interpretation, to the pure and simple return to the ancient, in the illusion of being able to restore the orderly and serene reality of Giolittian ministers, the most lucid exponents of new bureaucratic elites were consciously statist, that is, convinced advocates of an increasingly motivated and incisive presence of the state in the economy. For example, one of their leading men, the socialist-reformist politician and councilor of the state Meuccio Ruini (1877–1970), wrote in 1918 that »the number of employees is not in itself an indication of the regressive degeneration of a company, even if gradually increasing the functions and tasks of the state, it is becoming increasingly necessary to slow down the increase in employees.«<sup>40</sup> In Italy, therefore, the

comparison between bureaucratic simplification and the growth of state functions resulting from the stress caused by the First World War on public administration was resolved with a peculiar compromise: the search for efficiency, effectiveness, specialization, and simplification is encapsulated in the formula of the public bodies, which are multiplying in the financial, economic and social fields, as a ›non-bureaucratic bureaucracy‹ option.

These were the years (1917–21) in which the most brilliant civil servants of Italy of the time (such as Alberto Beneduce, Vincenzo Giuffrida, and Antonio Sansone) had gathered around the presidency of Francesco Saverio Nitti, who centered his political program on the creation of a new government-led financial circuit through the action of the Treasury. The result was the emergence of an alternative model in the organization of economic-financial functions of the state through the creation of independent public bodies, funded with public capital, controlled by the government, but autonomous from politics and ministerial public administration, and organized following industrial criteria. In these new institutions, there was the introduction of a new management model based on the formula: ›high salaries, flexibility, productivity, and cost-effectiveness criteria.‹<sup>41</sup>

The foundation of public economic bodies, with such a preponderant role in policymaking, was the peculiar Italian politics' response to the financial, industrial, and administrative problems posed to public administration by the end of the conflict. With the start of the second bureaucracy, of a managerial and technocratic nature, there was not only a fragmentation of the central state but the outline formed of both the rise of a new public ruling class and a new economic order and a further emptying of the already weak legitimacy and capacity of the ordinary public administration.

## The origins of the economic public bodies and their forerunner: the INA

The link between the experience of ›administration of efficiency‹ developed during the war and the birth of

new public institutions of a commercial and industrial nature is represented by the establishment, in 1912, of the Istituto Nazionale Assicurazioni (INA). With INA, all the basic elements that then recurred in the history of public bodies after the First World War and, above all, in the fascist period were already clearly defined: an unprecedented organizational model was born, destined for rapid success. With the experience of INA, ›a self-feeding financial circuit extraneous to the financial circuit of the Treasury,‹ was inaugurated.<sup>42</sup> Francesco Saverio Nitti, leader of the Radical Party and Minister of Industry, conceived INA with the aim not only of establishing a public monopoly on life insurance but of creating ›not an organ of the state bureaucracy, but a real and proper enterprise, with a mercantile character, which does not differ from similar ones except in that the property belongs to the state, rather than to shareholders or partners.‹<sup>43</sup>

There was a widespread belief that the traditional bureaucratic model of organization provided by ministries was no longer sufficient in the face of the new industrial tasks of the state. Given the crisis of the liberal state, Nitti, a centrist leader, considered an abstractly anti-statist argument pointless, and he promoted new organizational structures and unprecedented institutional formulas to foster economic development:

*The fact that this enterprise belongs to the state – adds the Nitti report on INA – does not imply that it has a different character from the private ones; indeed, for us the only difference is that of the owner, who here is not a private individual.*<sup>44</sup>

The internal structure of INA was essentially ›corporate.‹ It had legal personality and wide autonomy in action and direction for the Board of Directors, which the law required to be composed of an equal number of officials from the ministries and citizens ›who have demonstrated their technical and administrative capacity‹ in the field; a general manager with broad powers of execution; a staff that the law explicitly declares as not part of the public administration, employed on a fixed-term contract and paid following a corporate scheme.<sup>45</sup>

For Nitti, his pupils Beneduce and Giuffrida, and President Giolitti, whose contribution to promoting INA

is certainly not secondary, the new institute represented precisely the effort to increase the managerial and financial autonomy of the new specialized public bodies.

It is Giovanni Giolitti, with all the authority that came from being prime minister, who pragmatically established some fixed points for the definition of the new institution:

*It is necessary – he told the Chamber – that the state has in its hands large financial institutes that give it full freedom before all classes. The state, even in economic matters, must direct, not be directed.<sup>46</sup>*

And he immediately added – thus clearly indicating, as has been observed, the »objectives and instruments« of a broader strategy:

*The financial strength of the state, which would be created with these institutions, which concentrate huge capitals in its hands, is an element of solidity for industries and businesses. A weak state cannot, in the most difficult moments, find a way to avoid major crises.<sup>47</sup>*

The INA initiative was developed by a group of politicians and public managers who gathered around Nitti for the first time during the years of the establishment of INA: Alberto Beneduce, who trained in the Statistics Unit and then worked in the Commissariat of Emigration, then would play a leading role in the constitution of the Opera Nazionale Combattenti (ONC), established in 1917 but fully regulated only in 1919; Beneduce himself, with Vincenzo Giuffrida, promoted two other financial public bodies, the Istituto Nazionale Cambi Esteri (INCE) and the Consorzio Sovvenzioni Valori Industriali (CSVI) in 1916; and Beneduce was still the main creator of the credit consortium for public works (CREDIOP) in 1919, a public body which is »understood as an economic policy instrument to be used for anti-cyclical objectives and to start the post-war economic reconstruction.«<sup>48</sup> In addition to Nitti, Ivanoe Bonomi, Carlo Schanzer, and above all, Edoardo Pantano acted as supporters of INA in the political-parliamentary world.<sup>49</sup> The Institute was the first public body of this kind created before the First World War. Still, it acted as a model for a new generation of public

bodies and technocrats at their helm, which rapidly developed after the conflict up to the 1930s.

The elements of this model were the associative or consortium structure of the public body, which in practice allowed the entities established first to function as financial collectors for the following entities; their placement outside the direct control of the state, which normally only exercises supervision and appoints some directors; the internal organization, which brings them closer to commercial companies; the human resource management, based on technical competence, productivity, and fixed-term contracts. Overall, apart from the specific purposes of each entity, it is not difficult to glimpse a unitary model of organization which is once again inspired by criteria of managerial capitalism: the internal offices were small in size, organized according to an essential hierarchy of functions; the governance model, inspired by the private sector, was clearly defined by the statutes. The bodies were configured as concentric circles, with a distribution of powers based on the commercial code in force at the time. A selection of managerial and executive personnel created room for technical skills and, in any case, broad discretion and flexibility in human resource management.<sup>50</sup>

The institutions, therefore, pursued public purposes, but they were set up with public capital and operated with the rules and organization of the private sector. In their structure, there was an osmosis between public officials and the professionals and managers who worked in these new institutions as executives and board members. In this way, institutions become a membrane between the public and private, between the state and the market, fulfilling tasks – for example, financial investments and industrial development – that traditional public administration and finance and private industry could not carry out.

## The »Beneduce System«

The advent of fascism, with the transition from the liberal-democratic to the authoritarian regime, generated further stress on the Italian public administration by reinforcing the escape from the state and creating new public bodies. This was for three reasons. The first is that fascism needed technicians and expertise that



it did not have as a young, amateurish, and purely political movement, which led to the involvement of technicians and the creation of technocratic bodies to deal with the complexities of government.<sup>51</sup> The second was that public bodies, especially cultural and social ones, were a reservoir of clientelism and patronage that the party could use without submitting to the rules of ordinary public administration.<sup>52</sup> The third was that the government took over from the other powers, aimed at resolving crisis and emergency situations quickly, through decrees and without following party-parliamentary procedures.<sup>53</sup> Mussolini wanted to have men at his disposal who had a bond of trust with him, and this induced the head of government to create new public bodies and appoint men he trusted for their technical abilities. This was especially the case in the financial sector with Beneduce's entities such as IMI and IRI.

As we have seen, the fundamental figure in the process of »entification« was Alberto Beneduce, a statistician who had begun his career as a civil servant and university professor and then, with the support of politicians such as Nitti and technocrats such as Stringher, had become a top public manager and then parliamentarian and minister. Together with Nitti and Stringher, Beneduce was convinced that Italy needed a State organized in such a way as to create new financing circuits for industrial development, and only the foundation of a second bureaucracy, organized according to corporate criteria, could accomplish the task. The INA had been a first experiment, then there were public bodies such as the CSVI and INCE during the Great War and the public bank CREDIOP founded immediately after the conflict. All experiences in which Beneduce played a leading role.<sup>54</sup>

Therefore, the problem Beneduce faced with the advent of fascism was adapting his economic policy plan in the context of the new regime. Indeed, despite not being a fascist, Beneduce did not give up hope of realizing his goals. He understood the new scenario could be favorable for his plan: if Nitti had offered the reforming elites the guarantee of patronage and identification in an overall program of modernization, Mussolini and the technocratic vocations implicit in the first fascism of the 1920s guaranteed Beneduce the possibility of acting under the shelter of politics and

its influence, with the only legitimacy represented by competence in economics and finance.<sup>55</sup>

The consolidation of these public bodies, then called »the Beneduce institutes«, raised Beneduce to the top of the Fascist chain of command in the economic sphere. This was also due to Beneduce's personal dynamism and capacity for mediation with Mussolini and other leaders. Beneduce became the »economic dictator« of fascism, and he led a new group of managers and technocrats who occupied the vital nerve centers of the relationship between the state and the market through the new economic public bodies.<sup>56</sup>

The CREDIOP case appeared exemplary in terms of institutional design and practice. The institution's management, uninterruptedly in Beneduce's hands from its establishment to the 1940s, was openly autocratic. Although CREDIOP's first statute, in 1919, established that the board of directors had the power to manage the consortium, the real core of the decision-making apparatus was the president, who is responsible (in the case of CREDIOP) for »overall supervision over the functioning of the Consortium and on the institution's guidelines«, as well as having responsibility for maintaining relations with the government. This was an original solution that made the president (a ministerial appointee) a two-faced figure, an expression of the institution but, at the same time, a guarantor to the government of the public body's compliance with the aims and coherence with the economic guidelines of the government.<sup>57</sup>

Thus, the concrete and real operating model of this type of institution emerged clearly: all the most important operations, even before being examined by the permanent committee and approved by the board of directors, were outlined in their fundamental elements by Beneduce's personal initiative in the informal conversations that the president held with the banking and political authorities and in direct contacts with potential borrowers. Then, a close-knit and connected team implemented the decisions made by the president.<sup>58</sup>

A second feature concerned the company organization and employment contracts. The first was very light, with few employees overseeing accounting, data collection and correspondence management. In the case of the latter, the employees were hired with

»fixed-term contracts for periods not exceeding a maximum of five years«, the employees were subject to a regulation that introduced elements of the public sector tradition into a private-law relationship with strong features of corporate paternalism, especially as regards the role, duties, rights and disciplinary sanctions.<sup>59</sup> Furthermore, by regulation, the managers of CREDIOP included government officials who were removed from their respective public administration posts but retained a state employee's legal status and salary. It was a restricted, efficient administration, somewhere between private governance models and the best tradition of the Italian state technocracy. The report on the 1928 budget of the institution noted with satisfaction: »the yield elasticity of our administrative organization is also proved by last year's results. While the Company's activity increased exceptionally, the administrative expenses remained unchanged, indeed they slightly decreased«<sup>60</sup>.

With the establishment, in 1924, of the Istituto di Credito per le Imprese Pubblica Utilità (ICIPU), Beneduce's strategy for the creation of a real financing circuit external to the Treasury, but also an alternative to the large private banks, was clearly outlined. The new entity, also endowed with public juridical personality, »has the purpose of granting loans for the execution of works and plants or for the transformations necessary to use concessions, with declarations of public utility, made by the state, the Provinces, and the Municipalities over 100,000 inhabitants«<sup>61</sup>. The initial capital (100 million lire) was subscribed by the Cassa Depositi e Prestiti, the National Social Insurance Fund, INA, the Credit Institute of the Italian Savings Banks (all of which are also among the participating institutions of CREDIOP), and also by Monte dei Paschi di Siena, the Istituto San Paolo in Turin, the Cassa di Risparmio delle Province Lombarde, the Cassa di Risparmio del Banco di Sicilia, the Società Assicurazioni Generali, the Riunione Adriatica di Sicurtà.<sup>62</sup> ICIPU, too, was based on a private governance system that was very similar to that of CREDIOP, with its own legal personality and autonomous budget. However, due to Beneduce's pragmatism, the administration of the new body rested on the already existing administration of CREDIOP to save costs, relied on a group of already experienced managers, and exploited an already consolidated

circuit of relationships and trust.<sup>63</sup> The agility of the ICIPU structure was even more evident than that of CREDIOP, and the correspondence showed Alberto Beneduce's further centrality. The president maintained relationships with the industrial community and addressed all the fundamental questions concerning the loans and the contractual conditions disbursed by the institute. In explaining the constitution of ICIPU to the CREDIOP board in May 1924, Beneduce insisted on »the urgency of organizing a national bond market under the aegis of a public institution«, pointing out that, although CREDIOP had marked the way, it could not, because of institutional limitations, make loans except to public bodies.<sup>64</sup> This is why the ICIPU was created: to provide credit to private enterprises of particular strategic importance.

When the Istituto per il Credito Navale (ICN) was established in July 1928 with »the aim of contributing to the increase in Italian merchant ships and the intensification of maritime traffic through the granting of loans in favor of private companies, of Italian nationality, which have as their object the exercise of maritime navigation«, the system of the »Beneduce Institutes« took on its definitive form.<sup>65</sup>

Cleverly located between public and private, the three bodies acted as a clearing house for different interests and harmonized the otherwise ungovernable Italian capitalism by representing the first embryo of an autonomous institutional circuit led by a united and highly competent management group. Beneduce handled the most delicate issues at the economic level and maintained relationships with Mussolini and the economic ministers of the regime.<sup>66</sup>

In 1931, Beneduce contributed to establishing the Istituto Mobiliare Italiano (IMI) and was then appointed as a member of its board. The structure of the new public body was based, as in the case of the other institutes, on a private governance model. The statutory objective of the IMI was to provide medium-long-term loans to ailing industries, using credit specialization as logic. Once again, in the case of IMI, Beneduce's idea was to seek liquidity in the markets by issuing bonds and then to use this money in loans to the industry.<sup>67</sup>

However, the main public body established by Beneduce during his career, and the most relevant one for the Italian state, was undoubtedly IRI, Istituto per

la Ricostruzione Industriale. IRI was founded in 1933 as a temporary emergency body, as part of the more general public intervention to manage the great crisis of 1929, and then it was made a permanent public body in 1937. The IRI was perhaps the most paradigmatic public body in responding to the stressors weighing on public administration between the two wars. It was both a response to a contingent phenomenon, the financial crisis of the early 1930s, and a response to long-term factors, such as the scarcity of investment capital in Italy, the weakness of the banking system after the First World War, the excess of intertwining between large family industries and the major banks, the impossibility of resolving the crisis through ordinary public structures or the exclusive action of the Bank of Italy.

Indeed, the Great Depression hit the three major Italian banks – Banca Commerciale Italiana, Banco di Roma, and Credito Italiano – which controlled a large portion of the shareholdings in the main industries of the country.<sup>68</sup> IRI was specially created as a tool to rescue these large universal banks from default and to break their ties with big business.<sup>69</sup>

Indeed, that symbiotic tie between banks and industries created serious problems for the Bank of Italy – the last-resort lender for the national financial system – which risked being swept away. Since Mussolini feared that the financial collapse of the Italian banking sector could lead to the outbreak of a mass crisis and social dissent, he instructed Beneduce to manage the crisis and reform the banking system. An eventual collapse of the banking system would have been a catastrophe, which a dictatorial regime such as Fascism could not afford.<sup>70</sup>

Based on the agreements signed by the new public holding with the three banks, IRI took over their shareholdings and loans to industries. In this way, together with the bonds issued on the financial market, the Institute could build up the liquidity necessary to finance the restructuring of the companies inherited from the banks and repay the debts to the Bank of Italy within twenty years. To appreciate the magnitude of IRI's intervention, we should consider these figures: the holding had shares for a value of over 7 billion lira, nearly 50 percent of the total assets listed on the Italian stock exchange, and it held 83.13 percent of the telecommunication sector, 55.88 percent of shipping, 38.92 percent of banking, 37.92 percent of heavy

engineering, 34.28 percent of fishing, 32.18 percent of the financial sector and 29.33 percent of the electricity industry.<sup>71</sup> As in the case of the previous public bodies, the structure of IRI was agile, based on the model of Beneduce's previous entities, and most of the internal decision-making process was controlled by the Chairman, Beneduce himself, and the Director-General, Donato Menichella, a former Bank of Italy official and private banker.<sup>72</sup> In the Institute, there were few executives and employees, most of whom were selected directly by the top management on the basis of their technical competencies.

Moreover, the new economic public bodies maintained a space of independence towards the Fascist party and regime because of the trustworthy relationship that Beneduce was able to build with Mussolini. Beneduce had never been a fascist, but he had been able to gain a central position in the fascist regime because the dictator deemed him reliable and competent. Most of his influence was due to his technical competence and political astuteness in being perceived as an effective institution-builder.<sup>73</sup>

A neutral approach to politics combined with technical capacity was the key to surviving in the upper echelons of public entities and corporations and maintaining control over recruitment and public appointments in the public bodies.<sup>74</sup> Thanks to this strategy, at the apex of his career (1933–1939), Beneduce was an extremely powerful player not only in the economic field but also in politics. His political influence allowed him to defend the managerial autonomy of public bodies from the party and its tentacles. For example, to Alberto Asquini, the Undersecretary at the Ministry of Corporations, who asked for the appointment of an engineer he knew to a company owned by the IRI, Beneduce replied, with a mere promise and delaying tactic, that he would consider him for »a possible favorable occasion.«<sup>75</sup>

On another occasion, Beneduce wrote in a letter to Achille Starace, Secretary of the PNF:

*In the exercise of the burdensome tasks that the state has entrusted to IRI, it must have the possibility of choosing the men to be placed in command of the companies, that is men who, thanks to extensive experience acquired in the industrial environment,*

*provide most confidence of succeeding in tasks that are more difficult the longer unhealthy methods not based on correct industrial criteria have lasted in companies. If the IRI could not do this, it would certainly fail in the purposes that the state has imposed on it to achieve.*<sup>76</sup>

Subsequently, Beneduce firmly rejected the petitions of Mussolini's private secretary to assign the position of managing director of the company Bacini Napoletani to a former navy commander, arguing that the candidate lacked the managerial expertise necessary to run the company. Beneduce replied to the secretary of the head of government that »there is not a job here; instead, it is a question of having responsibility for a company and conducting it with sound industrial criteria.«<sup>77</sup>

To Galeazzo Ciano, the Foreign Affairs Minister and Mussolini's son-in-law, who asked for the IRI's intervention to rescue Banco Bertolli di Lucca to save the industrial companies linked to it, Beneduce decisively replied that the bank restructuring had been an exceptional and specifically targeted operation for the three largest banks and could not be repeated for others. At best, the IRI could try to bring financial aid to individual companies, but only if they offered the necessary guarantees and represented a strategic reality according to the rigorous criteria adopted by the financing section.<sup>78</sup>

Why did Mussolini tolerate the managerial autonomy of public bodies? For two reasons, essentially. The first is that the Fascist Party did not have the technical skills to manage complex phenomena such as the development of the bond market, banking crises, industrial bail-outs, and investments in advanced manufacturing of the time, so it was better to rely on »apolitical,« and often »afascist,« technicians who were able to do the job and also reassure the economic-financial establishment, which was not always enthusiastic about the Duce's decisions, with respect to the actions taken by the government.<sup>79</sup> The second is that, as long as they moved within the general objectives of Fascism and enjoyed Mussolini's trust, the technocrats at the head of these public bodies were used to affirm, albeit in a way mediated by managerial techniques, the prevalence of politics over economics, of the state over the market, of small savers over large private financial capital in

coherence with the doctrine of Fascism.<sup>80</sup> Elements would be useful to Mussolini in carrying out the centralization of power and resources necessary to deal with autarchy and the war economy from the second half of the 1930s onwards. In short, Mussolini preferred to renounce a »monolithic state« in favor of an archipelago state, which he could still control from the center politically and which guaranteed him a greater ability to adapt to crises and a higher degree of technicality.

Finally, it is worth noting that the decision-making process did not take place in the headquarters of the Fascist party in the marginalized Parliament, in the Council of Corporations, or the Council of Ministers. It would be hard to find anything more than a few hints of the constitutions of the new economic public bodies in the official documents. The strategy for creating the public bodies took shape in the reserved niches of finance and industry, partly in the austere rooms of the Bank of Italy and even more so in the exclusive network frequented by the technocratic elites of the regime.<sup>81</sup> Secrecy was an essential component, at least in the first stages of the foundational process, to foster the silent institutional revolution of the economic public bodies, transforming Italy into a mixed economy and an archipelago state.

## Conclusions. A turning point in Italian state history

Donato Menichella, Beneduce's main pupil and general manager of IRI, wrote in a report on the Italian economy to the American General Andrew Kamarck in 1946:

*The technician must resume his position of responsibility and dignity in the manufacturing company and the financier must return to his function of collaboration and criticism due to the study and general knowledge of the various forms of activity of the country.*<sup>82</sup>

Menichella's report expressed the lines of a project pursued in the Thirties and revived in the post-war period. In short, a new managerial generation had been brought forward in public bodies since the very

beginning, detached from the perspective of mere profit and dedicated to the pursuit of efficiency and the strategic interests of the country.

Bonded by a common nationalist and interventionist matrix and by participation in the First World War, the men of the economic public bodies felt part of a mission: to bring Italy to the level of the great powers. The perception of the weaknesses of private capitalism and ordinary public administration drove them to seek new institutional formulas, placing the new bodies under the protection of the state but autonomous from its center. To achieve this goal, a new ruling class was needed. In this context, the new administrations had to be put in »the best hands possible.«<sup>83</sup> Beneduce, for example, recruited skilled managers and technicians from private companies in strategic sectors (such as electricity and steel). At the same time, he organized training programs for top and middle managers who would serve the nation, and not only IRI, as he explained in 1938: »It does not matter if the activities you carry out lead you to companies that IRI does not control. IRI's goal is to train a select managing class which largely relies on technical know-how and science.«<sup>84</sup>

After the Second World War, the engineer Roberto Einaudi, a senior manager of IRI, observed: »It is not with the mentality of a bureaucrat that one runs an industry, but with the mentality of an industrialist. Even if this industrialist is an executive«. Both in the industrialist and in the executive, »it is not the spring of private interest that acts, but some other undefined stimulus, sense of duty, or ambition, attachment to the company or love of work; what counts, however, is the method, the system, the mentality that are formed only at the school of private industry.«<sup>85</sup>

In this remark, the essence of the philosophy of the new institutions is concentrated: the overcoming of the state vs private clash in the name of an overall conception of economic development and of an ideal general interest. Independence from political power was essential for these new institutions, as Menichella pointed out:

*Only one clear idea lay behind the IRI formula: the big banks must not return to the private economy. At the same time, IRI was free to do as it wished (bail out, restructure, etc.) since it had secured a very*

*large degree of autonomy as well as a large technical apparatus. In fact, it would never have allowed politics to enter into IRI's activities.<sup>86</sup>*

The therapeutic value of public bodies and their actions therefore consisted in assigning each one its own tasks, putting order in the Italian economy and pushing it towards the modernity of managerial capitalism: industry to industrialists, banks to bankers, finance to financiers, politics to politicians and so on, expressing an idea of social Taylorism which was also widespread in other Western countries in the same years.<sup>87</sup>

The state would provide autonomy for the managers. The market thus became the measure of efficiency and professional skills, reducing the logic of pure profit. Technical competence and new knowledge began to acquire autonomy. Through the economic public bodies, originating from the crisis and from the transformations triggered by the First World War, a pragmatic and innovative mentality spread in the economic consciousness of the country, which would bear fruit even after the Second World War. The public intervention organized in the 1920s and 1930s around the economic public bodies did not have ordinary public administration at its root. Beneduce, but above all, Menichella, Mattioli, Giordani, Sinigaglia, and most of the top managers of public bodies came from the private sector; they expressed the necessity to stabilize the private sector and to strengthen it through the creation of new public institutions, but they did not consider ordinary public administration as part of this project.<sup>88</sup>

It was the concept of the manager, as understood by the new protagonists of economic public bodies, to mark the originality of the proposal. The manager is whoever holds a function in the public and/or private sector since the difference no longer makes sense when the interests of the state and those of the economy are seen as identical, so much so that it is possible to overcome individual interests in a collective perspective. The specific forms of response by the new technocratic elites in Italy were to coagulate around the new public bodies, an answer which derived from the stress accumulated with the First World War and financial crisis and from a long-term transition in the process of industrialization and managerialization of the society.<sup>89</sup>



Between the two global conflicts politicians resorted to technicians, recognizing their unprecedented tasks and functions, gaining new and more flexible channels of perception and intervention with respect to a changing society. For their part, the new public managers, the expression of an increasingly complex economic structure, sometimes saw their modernization needs conflicting with those of the stability of the political system, in any case gaining a foothold in the decision-making process, of which they become part. Strengthened by their technical and managerial competence, they reduced the risk inherent in politics, following a trend similar to other European experiences.<sup>90</sup>

The ability to create institutional stability after the quiet revolution of the economic public bodies in the 1920s and 1930s is expressed by the continuity of these institutions in different political eras: IRI continued its activity up to 1999; IMI was merged with a private bank only in 1998; CREDIOP lasted until 1994, and ICIPU remained in place up to the 1980, and then it was absorbed by CREDIOP.<sup>91</sup> The technocratic network created by Beneduce remained for a long time, too. The men of public bodies survived the collapse of fascism and assumed fundamental roles during republican history. By way of example, Donato Menichella, Beneduce's director-general at IRI, was appointed Governor of the Bank of Italy (1946–1960); Francesco Giordani, who replaced Beneduce as IRI's Chairman (1939–1943), became Executive Vice-President of the International Bank for Reconstruction and Development (1946–50) and then Chairman of the Consiglio Nazionale Ricerche (1943–1944; 1956–1960); Pasquale Saraceno, hired by Beneduce at IRI, in the post-war became a top executive of the public holding, chairman of SVIMEZ and an important public intellectual; Oscar Sinigaglia, President (1933–1934) of Ilva, a steel producer controlled by IRI, proposed and implemented a plan for developing Italy's steel industry in the postwar period, when Sinigaglia was named President of Finsider (1948–1953), an IRI company; Guido Carli, hired as an IRI executive in 1937, then became Governor of the Bank of Italy (1960–1975) and Minister of Finance (1989–1992); Raffaele Mattioli, who worked in the COMIT research office (1927–1945), would become CEO and then Chairman of the public bank (until 1960); Enrico Cuccia, who married Beneduce's

daughter, was an employee of IRI and the Bank of Italy. In the post-war era, he founded Mediobanca, the most important Italian merchant bank, of which he became managing director in 1949 and remained in office until 2000.<sup>92</sup> Therefore, most of the premises for the post-war Italian economic miracle were laid in the peculiar institutions created between the two wars and in their managerial and technocratic network.<sup>93</sup>

In conclusion, the Italian state after the two world wars manifests itself in a way that is anything but monolithic: it is rather an archipelago-state, a mosaic of institutions born to satisfy the economic and social needs of the industrial society which Italy arrived at late after the global conflict. This process led to a deprivation of power and legitimacy of the ordinary public administration. It triggered an escape from the center of government in favor of technocratic networks organized in autonomous public bodies, which marked both the institutions of Fascism and the Republic. The crisis of the state resulting from the First World War is, therefore, a groundbreaking moment in Italian history since a »government through public bodies« was born. This new system was destined to last and to produce an elite that cannot be classified in the classic categories: it is neither political nor administrative; it is public and, at the same time, responds to capitalistic and managerial logic, together with the archipelago-state, a hybrid elite was born, destined to take away space from the ordinary public administration and to affirm a polycentrism that still today characterizes the Italian state.<sup>94</sup>

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- 16 Among the few attempts see Serena Potito: *Il primo Beneduce, 1912–1922*, Naples 2004; Mimmo Franzinelli / Marco Magnani: *Beneduce. Il finanziere di Mussolini*, Milan 2009; while a more comprehensive description of the figure of Beneduce is provided in Pietro Armani (ed.): *Alberto Beneduce e i problemi dell'economia italiana del suo tempo*, Rome 1985; Lorenzo Castellani: *Alberto Beneduce. A technocrat in the fascist era*, in: *Contemporary European History* (2023), pp. 1–18; Salvati Mariuccia: *Gli Enti pubblici nel contesto dell'Italia fascista. Appunti su storiografia e nuovi indirizzi di ricerca*, in: *Le Carte e la Storia* 8/2 (2002), pp. 28–41.
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- 62 ACS, AS ICIPU, ICIPU Statute, 1924, art. 2
- 63 Melis: Due modelli di amministrazione, pp. 255–260.
- 64 AS CREDIOP, OD 1.12, Minutes of the board meeting of 28. 5. 1924.
- 65 R.D. 05. 07. 1928, n. 1817, art. 2
- 66 In particular, Beneduce defended the managerial autonomy of these economic public bodies from the patronage of the regime. On this point see Castellani: Alberto Beneduce.
- 67 IMI was organized following the usual Beneduce scheme, with business-like governance. Beneduce became part of IMI's executive board. See Giorgio Lombardo: L'Istituto Mobiliare Italiano, Bologna 1998.
- 68 See Carlo Alberto Russo: Bank Nationalizations of the 1930s in Italy. The IRI Formula, in: *Theoretical Inquiries in Law* 13/2 (2012), pp. 407–428.
- 69 Franco Amatori: IRI. Financial intermediary or entrepreneurial state? in: *Financial History Review* 27/3 (2020), pp. 436–448.
- 70 Ernesto Cianci: Nascita dello Stato imprenditore in Italia, Milan 1978.
- 71 ACS, As Iri, Sn, As, Studi, 1933–1944, Studio sui problemi del risanamento bancario (Menichella report), 5. 12. 1933.
- 72 Mario Sarcinelli: Donato Menichella. Dal risanamento di banche e industrie allo sviluppo del Mezzogiorno, in: *Moneta e Credito* 60/239 (2007), pp. 233–257.
- 73 The former Minister of Finance in the first Mussolini government, Alberto de Stefani, commented on Beneduce: »The bewitcher of Bonaldo Stringher (director generale of the Bank of Italy) was Alberto Beneduce. He was enchanted by him in every decision of any importance. It was not surprising because Beneduce had such power that few men in finance or business operators were able to escape it,« and he continued on Beneduce's neutral pragmatism: »He was shrewd enough not to include in his analyses any ideology, teleology and purpose that would have raised Stringher's suspicions; and so he limited himself to the dialectic of acceptable perspectives, of compromise solutions, imposed by the force majeure of events, categorically avoiding raising the issue of the choice between private and public resolution«; De Stefani: Baraonda bancaria, p. 522.
- 74 From this perspective, the elite group led by Beneduce had the typical characteristics of a technocracy as defined by political science scholarship. See Eri Bertsou / Daniele Caramani (eds.): The technocratic challenge to democracy, London 2020; Christopher J. Bickerton / Carlo Invernizzi Accetti: Technopopulism. The new logic of democratic politics, New York 2021; Lorenzo Castellani: L'altro potere. La tecnocrazia in una prospettiva storica, in: Antonio Masala / Lorenzo Viviani (eds.): L'età dei populismi. Un'analisi politica e sociale, Rome 2020. pp. 151–180.
- 75 Beneduce to On. Alberto Asquini, Undersecretary to the Minister of Corporations, 14. 12. 1933, in As Iri, Sn, Au, Copial. (1927–51), Pres. e Vicepr., Pres. e Comm. 1933–45, Pres.ris. 1933–4.
- 76 President Beneduce, to Achille Starace, Secretary of the PNF, 5 Oct. 1933, As Iri, Sn, Au, Copial. (1927–51), Pres. e Vicepr., Pres. e Comm. 1933–45, Pres.ris. 1933–4.
- 77 Beneduce to Osvaldo Sebastiani, Mussolini's Private Secretary, 26. 07. 1935, in As Iri, Sn, Au, Copial. (1927–51), Pres. e Vicepr., Pres. e Comm. 1933–45, Pres. corr. Iri e pers. 1934–5.
- 78 Beneduce to S. E. Galeazzo Ciano, 05. 12. 1934, in As Iri, Sn, Au, Copial. (1927–51), Pres. e Vicepr., Riservati (1933–51), Segr. Corr. Ris 1934–42.
- 79 As pointed out by P. Melograni: L'adesione di Beneduce al regime mussoliniano, in: Armani (ed.): Beneduce, at p. 175.
- 80 Gabriele De Rosa: Il risanamento bancario e la convenzione fra l'IRI e il Banco di Roma, Rome 1983, pp. 15–60.
- 81 Giuseppe Guarino / Giuseppe Toniolo: La Banca d'Italia e il sistema bancario 1919–1936, Rome 1993.
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- 83 Felisini: Between State and Market.
- 84 AsBI, CB, n.310, fasc.5, 2. 12. 1938, Beneduce's speech at IRI's training course inauguration.
- 85 ACS; Roberto Einaudi to President De Gasperi, Segreteria particolare De Gasperi, b.6 f.33, 5. 8.1945
- 86 Quoted in: Lucio Villari: Il contributo di Beneduce alla fondazione dell'IMI, in: Armani (ed.): Beneduce, ch. 5, p. 90.
- 87 Maier: Between Taylorism and technocracy, pp. 27–61.
- 88 Daniela Felisini: Uno sguardo al passato e uno al futuro. Imprese e banche pubbliche in Italia dal 1943 al 1946 fra epurazione e occupazione, in: *Ventesimo Secolo* 2/4 (2003), pp. 91–120.
- 89 Carlo Spagnolo: Tecnica e politica in Italia tra anni trenta e quaranta. Note sul caso di Donato Menichella, in: Giovanni Boggetti / Giacomo

Muraro / Maurizio Pinchera (eds.): *Scritti in onore di Alberto Mortata*, Vol. II, Milan 1990, pp. 861–911.

- 90 Schot / Lagendijk: *Technocratic internationalism in the interwar years*, pp. 196–217.
- 91 In 1993, sixty years after its foundation, IRI was the seventh largest conglomerate in the world with 67 billion dollars in revenue. IMI was the leading player in the government bond market and the largest Italian stock market operator in the 1990s, and CREDIOP was one of the largest Italian banks. See Valerio Castronovo: *Storia dell'economia italiana. Dall'ottocento al 2020*, Turin 2022.
- 92 Giovanni Farese: *Mediobanca e le relazioni economiche internazionali dell'Italia. Atlantismo, integrazione europea e sviluppo dell'Africa, 1944–1971*, Milan 2020.
- 93 See Bernardo Buongiovanni / Nicola Tranfaglia: *Le classi dirigenti nella storia d'Italia*, Rome 2006.
- 94 The characteristics of the Italian archipelago State are resurging in the implementation of the Next Generation EU program with a fundamental role played by public entities and state-owned companies. See Sabino Cassese: *Amministrare la nazione. La crisi della burocrazia e i suoi rimedi*, Milan 2023; Fabrizio Di Mascio / Alessandro Natalini: *Pubbliche amministrazioni. Tradizioni, paradigmi e percorsi di ricerca*, Bologna 2022; Alessandro Natalini / Guido Melis: *Governare dietro le quinte*, Bologna 2023; Giacomo d'Arrigo / Piero David: *Next Generation EU e PNRR italiano. Analisi, governance e politiche per la ripresa*, Soveria Manelli 2022.

## Abstract

The article considers the transformations in Italian public administration induced by the Great War. In particular, it focuses on the birth and spread of economic public bodies that changed the relationship between state and market between the two wars; they introduced a new organizational formula parallel to ordinary public administration; they redesigned the relationship between public and private sector; they created a technocratic elite that went through fascism and played a fundamental role in the first phase of the republic. The Italian State, with the birth of public bodies, suffered a flight from the center of government administration in favor of new financial and industrial administrations which played a central role in the economy and politics for decades. Thus, it was born the archipelago state and the government through public bodies which characterized the first fifty years of republican history and whose influences on the Italian political system are still evident today.

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