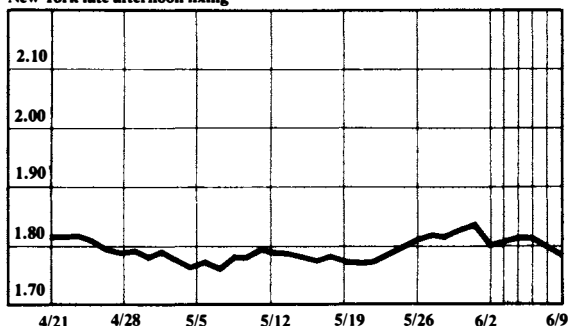


Currency Rates

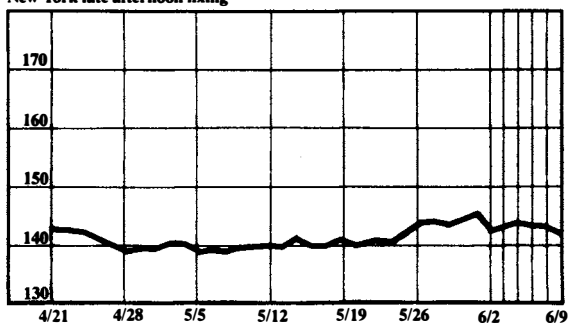
The dollar in deutschemarks

New York late afternoon fixing



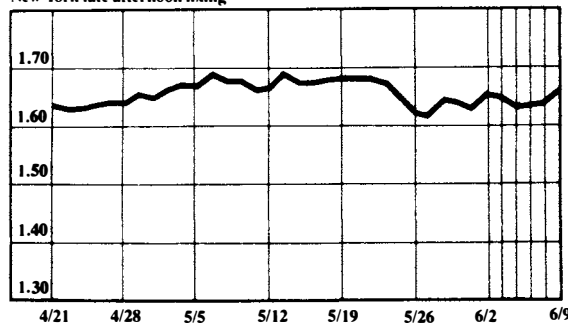
The dollar in yen

New York late afternoon fixing



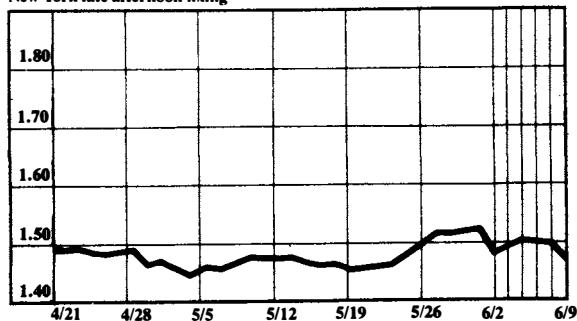
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Privateers threaten Italy's state sector

by Galliano Maria Speri

On May 20, the president of Italy's Confindustria, Luigi Lucchini, came out proposing to fully dismantle the Ministry of State Holdings, during the assembly of the industrial confederation.

The move reopened an old stand-off between the "private" industrialists, allegedly competent, smart, and managerially skillful, and the "public" ones, overstuffed, incompetent, and above all inveterate consumers of billions of taxpayers' liras. For years, this stale dichotomy has been for years the battlecry of the Italian "liberals," who in the name of a mythical struggle against the centers of corruption and bad government, have acted as the Trojan Horse of the International Monetary Fund and a financier faction which has always sought to impose a policy of usury and sabotage of industrial development.

Hence the real conflict is not between "private" and "public" interests, but between the patriotic forces who want to fight for Italy to return to being a nation of vigorous industrial growth, and those who want to send the country into the post-industrial abyss. The attack on State Holdings, far from being an appeal to healthy competition free from state interference, masks a scheme to cannibalize whatever healthy or advantageous prospects there are for the state-owned enterprises.

This is an old practice which has been repeated several times in Italian industrial history. When a company has a sector in crisis, it has it "saved" by public enterprises; witness the case of the aluminum sector ceded to the state by Montedison, the Monti refineries ceded to ENI, and the FIAT steel sector, ceded to Finsider. Today, in the midst of an economic depression and a looming financial crash, the so-called private industrialists want to shore up their positions by acquiring holdings in basic sectors that will let them land on their feet after the storm.

Some historical perspective

The State Holdings Ministry came into being on Dec. 22, 1956, largely at the instance of industrialist Enrico Mattei, with the task of coordinating the management of firms owned by the state and opposing the domineering role of Confindus-

tria, which put the safeguarding of its sectorial interests ahead of pursuing a vigorous growth policy. In so doing, Confindustria acted as the long arm of the international financial oligarchy, to keep Italy's industrialization process under control—and above all to keep it from impinging on the multinationals' interests.

Mattei found allies for his development schemes in a faction of the Christian Democracy, in which the name of Ezio Vanoni stands out.

The creation of the new ministry and the reorganization of IRI (Industrial Reconstruction Institute) permitted Mattei and his allies to launch an industrial growth campaign unheard-of in the country's history. By 1962, after six years, IRI had more than tripled its turnover and operated in such basic sectors as steel, shipbuilding, precision mechanics, the automotive industry, the manufacture of arms and munitions, and many others. IRI was soon joined by Mattei's ENI which had opened to Italy new and rich markets and guaranteed a precious energy independence while also laying the basis for nuclear power development. By focusing on high capital investments in the most technically advanced sectors, exceptional results were obtained. From 1950 to 1960, Italy recorded an annual growth rate of 5.9%, against 4.4% for France and 2.9% for Great Britain. Industry's share of the gross national product rose from 36.9% to 46.9%, while that of farming dropped from 35.8% to 21.5%.

One of the fastest growing sectors was steel, which had an up-front role in the country's development. From 1951 to 1960, steel production increased by 170%, going from 3 million to over 8 million tons, while between 1956 and 1959, Italy went from being a steel importer to a steel exporter, sending 20% of its production abroad.

This was not entirely painless. Against Oscar Sinigaglia, president of the steel finance company Finsider, who had conceived a sweeping development plan, private industrialists quickly lined up, such as Giovanni Falk, of the Falk steel works and president of the Lombard regional industrialists' group Assolombarda. Sinigaglia, foreseeing the tumultuous growth of Italian industry, had drawn up as early as 1946 a plan for radical modernization of plants, the use of advanced technologies, and the location of new plants along the coasts, as in the Japanese model, to minimize the cost of importing raw materials.

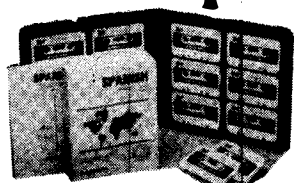
Private steel makers like Giovanni Falk had on the contrary a pessimistic view of the future of Italian steel and thought it should never surpass a threshold of 2.5 million tons a year. By remaining within those limits, and maintaining a regime of 30-40% protective tariffs, they hoped to delay as long as possible the modernization of their plants, thus guaranteeing decent profits with few risks. Clearly, with this grandmotherly mentality of hiding pennies under the mattress, Italy's industry would not have progressed very far. Another example of the same myopia was the report by the extraordinary commission at Alfa Romeo, headed by Pas-

quale Gallo, which attacked both the Sinigaglia Plan and the development forecasts for the auto sector formulated by FIAT, hoping that Italian industry could develop on the Swiss model, becoming an "artisan" economy of small, high-quality production in restricted sectors.

The one partial exception in private industry was Vittorio Valletta, who had inherited the administration of FIAT from the elder Giovanni Agnelli. Thanks to the financial aid of the Marshall Plan, of which FIAT got the lion's share, Valletta succeeded in restructuring the plants and opening new ones, and launched a broad expansion policy, showing that at least he had a certain skill as a capitalist. Differently from Mattei, who had developed his policy by looking above all at the strategic interests of the country, Valletta remained, however, very "Turin-centered" and confined his strategic planning to the interests of the industry he presided over.

These few examples suffice to show that the only industrial leaders who have known how to draw up and carry out a grandiose strategy of economic growth have been the state sector ones. Without them, Italy would have the living standards today, of Spain a decade ago. The present leaders of State Holdings are a large cut below their predecessors of the postwar period, but they still represent the historical continuity of a policy which has led Italy into the ranks of the major industrialized powers.

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