

Mattei and the rebirth of Italy

by Paolo Vitali

I would like to begin with a quotation which I find very timely: "When a building is collapsing on all sides, it is more economical in many cases to complete its demolition. Therefore, what should be imposed is a provision which puts an end to the present state of things and frees the heir of a burden which nothing justifies and which, if the present state of affairs were to continue, could be expected to constantly increase."

The relevance of this quotation is not a matter of the epoch but rather the concept. As many know, that was the death sentence issued on July 5, 1946 by the joint commission set up by the Italian government to evaluate the future fate of AGIP [Azienda Generale Italiana Petroli, founded in 1926], and this despite the first, promising discoveries of methane in March 1946 at Caviaga. And yet, that quotation could be from our own time, perhaps in an article by Giuseppe Turani in *Corriere della Sera* about the debate on privatization, reporting a declaration by Moody's or by some spokesman of the International Monetary Fund or the mythical "international market" which imposes upon us fundamental economic choices under the Damocles' sword of a new speculative storm against the lira.

It was not a question then, any more than it is today, of a formal debate between whether or not to privatize, but it goes back to basic axioms of national economic policy, which underlie that debate, which were identified by Enrico Mattei—perhaps intuitively at first, and later more and more consciously—and by his friends and allies, such as Raffaele Vanoni, Giovanni Gronchi, and even Alcide De Gaspari.

By nature, Mattei hated hypocrisy and could not agree that under the nice words of "free market" or "necessity of savings of the state" there should be perpetuated a swindle by well-identified national and international interests which had very little to do with anything "free." Fortunately, Mattei was not in an isolated position, but was backed by a political and economic culture which saw in a new and rapid economic development the instrument of a rebirth, even in the moral sense, of Italy after the horrors of the war and the 20 years of Mussolini's rule.

The history of AGIP is well known, as is the history of the struggle around the great project of Oscar Sinigaglia for

full-cycle steel production, starting from iron ore, and not with electric furnaces processing scrap metal, as was being done by the big private steelmakers.

I like to recall that on March 29, 1946, hence at the time of the first discoveries at Caviaga, Giovanni Falck, the recognized head of Italian heavy industry and strenuous champion of free-market economics, testified before the economic commission set up by the constituent assembly, declaring himself decisively against the project for a state steel industry: More precisely, Italy should not have a major steel industry, because it lacked the necessary raw materials, hence the objective should be that of a maximum production of 3 million tons, which private enterprise could easily handle. Obviously, the laissez-faire businessman Falck added, private enterprise should be protected by the state with significant customs tariffs: "It could be discussed," he concluded his far-sighted intervention, "whether 30% or 40% protection should be given; but a country without minerals and without coal cannot make steel without customs barriers."

It is a well-known fact, and was known already in 1951, before the powerful economic acceleration of Italy starting in the middle of the 1950s, which peaked between 1959 and 1962-63, that Italy produced 3 million tons and even 8.2 million tons in 1960, and that in the middle of the 1960s the state-held company Finsider alone produced 9 million tons and private enterprise 4 million tons. Given the multiple years (4-5) needed to build large steel plants with high-temperature furnaces, Falck's demands, if they had been adopted by the government, would have represented a fatal strangling of economic reconstruction, with the real risk that the so-called economic miracle would never have been realized.

Physics and economics

The "far-sightedness" of the Falcks of that time is comparable to the recommendations of today's free-market pundits. Their profound misunderstanding is to consider economic development of a nation as a linear phenomenon, like the action at a distance between single particles: an absurdity in physics as in physical economy. In fact from physics we can use a concept, that of critical mass or threshold, which allows us to explain phenomena such as that of rapid economic development. There is an unavoidable necessity for a concentration, a density, of economic activities at a determined, high technological level—and it is not possible to go below this—in order for a process of development to be sparked. This is what has been denied, especially in the three decades that separate us from the death of Mattei, to the Third World countries, and the few exceptions, such as Taiwan or South Korea, which in any case were modeled on Japan more than on the Anglo-American pattern, are just further confirmations of what I am describing.

The Mattei conception of the role of infrastructure to get economic development moving in a nation, or jointly in several nations, reflects a superior economic outlook. We

know from his involvement in building major gas pipelines, from the first one in the plain of the Po River, to the much-contested one between Genoa and Ingolstadt in Bavaria, Germany, which was to serve as a line into Central Europe, from the very long (1,700 km) one in Argentina, to the great projects of his last period: the Algeria-Sicily gas pipeline, which was supposed to later connect into all of Italy, and the potential for a new Trieste-Ingolstadt gas pipeline, which in the future could have linked up with the Soviet one (Druzhba) in eastern Europe.

After the Algerian war, as Algeria realigned with the France of de Gaulle, and was freed in 1962 from its burdensome colonial past, there was also the prospect of a three-way arrangement including Adenauer's Germany, as the premise for a joint development of continental Europe, starting with western Europe.

Infrastructure does not just mean a bridge, a rail line, or a gas pipeline, but it embraces education and skills training of the labor force, i. e., schools and research centers; it means adequate health care infrastructure and so forth. It means substantially to achieve an economic *density* which permits and facilitates the rise of new industries, above all small and medium industries with high capital intensity. This is where the role of the state becomes most evident: in sectors which become productive after a period of time, in new, very high-technology sectors—such as maglev, the German magnetically levitated trains—or in geographically remote locations. It is also the attempt to bring order and rationality to a development which otherwise could degenerate into the savage and predatory, or because it responds to social and strategic requirements.

If one scans attentively the words or, even more, the initiatives, of Mattei, one finds a fundamental coherence which can be reduced to this economic approach. In a conference held at the Foreign Press Office in February 1962, the ENI president expressed himself as follows: "We think we have enormous possibilities of development in our country, to be able to cancel forever the image of a traditional Italy, poor and only agricultural. We have immense possibilities for development in the Mediterranean, in Europe, in Africa, in the Middle East. In relations with depressed countries, with the countries which have the need to initiate industrial development, we believe we can offer an industrial organization prepared in men and means and hence that we can fulfill an important work of collaboration. In this way, our operations can be useful to the entire West, of which we are part. But we think that even in the western framework collaboration is necessary. And not, as often occurs, a war without quarter and with no holds barred."

And this "war without quarter" very soon began, perhaps before the end of the Second World War itself, with the arrival of the American and British secret services in the AGIP offices in Rome, to take possession of the archives of the company, and which explained well the hasty decision



Paolo Vitali: Mattei's conception of the role of infrastructure development reflects a superior economic outlook.

to dismantle and sell off what remained of the old national oil company. It was a war against time, after the discovery of the deposits at Supercortemaggiore [in northern Italy] and the construction of the network of gas pipelines in northern Italy which, in the course of four years, between 1949 and 1952, catapulted our country into the third position in the world in length of pipelines: 4,500 km, with a sixtyfold increase in the volume of methane gas transported to industry: from 20 million cubic meters in 1948 to 1,200 million in 1952.

Without AGIP's discoveries and network of pipelines, without Sinigaglia's plan for steel, without the original creation of ENI and the State Holdings in 1953—which was envied by all, until a few years ago—without the attack launched in 1950 by Mattei against the Montecatini chemical monopoly, which led to the drastic drop in fertilizer prices and hence made a notable contribution to our agriculture, without the revolution in plastics and the immense investment by Fiat in its Mirafiori plant by Valletta (one of the few great private industrialists, together with Adriano Olivetti, who were on the same wavelength with Mattei), and without the vast spinoff effects on small and medium-size industries of that initial period, Italy would never have so dramatically approached the other western economies.

The Italian economic miracle

In 1953, the average income in Italy was one-thirteenth that of the United States, one-eighth that of Britain, and one-fifth that of Germany, which had emerged destroyed from

the war. Twenty-five percent of Italian homes lacked running water, in 67% there was no gas, 63% had no bathroom, in 93% there was no telephone, and in 90% no central heating: It was the picture of a poor and depressed country. Between 1959 and 1962-63, Italy had the highest rates of industrial production of the entire West, and the lira won the Oscar in 1959 as the most stable currency. From 1952 to 1962, in a single decade, there was a sweeping exodus from the countryside into the city and from the South to the industries of the North; almost 16 million Italians changed residence, one-third of the entire population. The change was gigantic and it had savage features, sometimes with dramatic social and human consequences, and accompanied by economic errors, such as the emphasis on consumer goods instead of capital goods (whereas Germany concentrated its investments more wisely), enormous speculative construction at the outskirts of the old cities, and so forth. But it remained a change of epic proportions.

Mattei was among the greatest protagonists of this industrial development. But there is something in his person and his work which distances him from the other personalities of that time, from the great technician Sinigaglia to the other great industrialists like Valletta of Fiat, or Olivetti, and many others as well. It was something that brought together, albeit on different levels, his Partisan experience with that of a captain of industry, which subsumes and explains his creative and innovative capacities. We could define this something as a profoundly Christian sense of human dignity, which does not bend in the face of adversity and does not refuse to fight a just fight, whether it is against Nazi-Fascist occupation or the straitjacket imposed by the new world order, such as emerged from Yalta, or the arrogance of power of the Seven Sisters oil companies.

Mattei was certainly no populist, as was obsessively repeated by Giorgio Galli in his political biography of the ENI president. Mattei, of course, was not part of, and did not accept what Galli defined as the "organic" conceptions of politics: British empiricism, reducible to David Hume, which in economics means the "free market" of Adam Smith, and Marxist economics. I do not know if, after the collapse of communism and the heavy creaking of the Anglo-American laissez-faire ideology, Galli would still maintain today the same things he wrote 16 years ago. But Mattei was no populist: His close philosophical and economic concord with the positions of his friend Raffaele Vanoni, linked him to the "social doctrine" of the church, which in the industrial world sometimes passes under the name of "social capitalism," a term which even Valletta preferred in counteropposition to that of "neo-capitalism" or which the Germans of the era of Adenauer called *soziale Marktwirtschaft*.

To construct a sense of dignity for Italy

Mattei did not fall into a tantrum out of infantile resentment generated by a populist vision of the world, as his

denigrators want us to believe. It was in the logic of things that an emergent independent force which did not want to submit to the monopolistic prevarications of our own country and foreign multinationals would end up in a showdown. And Mattei always had to underline the real terms of the clash, because cowardice and hypocrisy, bought-off or ideologized propaganda, constantly distorted them. In a famous interview with the journalists Scalfari and Benedetti, he asked:

"They have given me a task, which is that of winning for Italy a position in the world oil industry. Do you have an idea of what problems are brought on by a responsibility of this kind? What kind of adversaries? What a disproportion of forces? Whoever touches oil makes politics. Necessarily. Whether he wants to or not. For 50 years the companies running the states and sheikhdoms of Arabia and the Persian Gulf have been preparing coups d'état, they pay their favorites and the rebel tribes, they do everything. But it is not folklore: It is a strategy thought out in the back rooms and enacted with the support of the CIA and the U.S. State Department, the British Foreign Office and intelligence services, and similarly in France. And I? What was I supposed to do? Go every day to the Farnesina [Italian Foreign Ministry headquarters] to find out whether I could step on the corns of the president of Standard Oil or whether I should give him my place at the table? This is not what was asked of me. They asked me to unchain Italy from its oil servitude. The means to achieve this result—I choose them. They can judge me at the end and establish whether I deserve to be rewarded or punished. But now they must let me work in my own way."

On Jan. 8, 1959, Mattei stated to the Italian Center of Studies for International Reconciliation that "the great powers support without reservations, with the weight of their diplomatic and military force, the initiatives of the companies. . . ." Today, with the access, albeit very partial, to archives and documents that were hitherto secret, such as those published by Professor Perrone in his book on Mattei, we know a lot more, but the picture does not change, it just becomes clearer: Such as, when, in 1952, in preparation for a new carving up of spheres of interest in Iran after the overthrow of Mossadegh, the National Security Council, and the Departments of State, Defense, and Justice of the United States had to intervene to block the procedures initiated against the oil companies for violation of the American anti-trust laws. In a joint document it was defined that "the American oil operations are, for practical reasons, instruments" of American foreign policy:

"In virtue of their role as instruments of our foreign policy, both in Europe, and in the Middle East, any attack on our oil companies, in those areas, should be regarded as a fundamental attack on the entire American system." [The quote is translated back from the Italian.]

So much for the "free market" and "free competition"!

The CIA's worries according to Webster

Another question which we should ask ourselves is what happened after the changes of 1989 and the Anglo-American response of Bush's "new world order." In a public speech by the former CIA chief under Bush, William Webster, delivered on Sept. 17, 1989, a future of trade and intelligence wars is laid out between the traditional "allies" and "competitors." I stress that the speech was public: We can therefore imagine what the relevant archives will reveal 30 or 50 years from now.

"As the twenty-first century approaches, it is clear that economic considerations will play an even greater role in our relations with our allies and adversaries alike. There is now a universal recognition that economic strength is key to global influence and power. Nations are adjusting, even reshaping their economic systems in order to compete in the global marketplace."

Webster then praised the "further integration of financial markets" as a "revolutionary structural change in the global economy." The U.S. intelligence chief stressed, "The transformation of international financial markets is striking if we observe the figures: Daily transactions on the exchanges are over \$300 billion and in a week the transfers on the financial markets are greater than the volume of Third World debt."

Exalting this financial manna which has officially kept the American economy afloat, Webster announced "for the next five years" a commitment of the U.S. government that debtor countries, including the new eastern European nations, should submit to the dictates of the World Bank and International Monetary Fund.

What would Mattei's position have been today, in the face of the fantastic prospect which has opened in the East of Europe, or the new, growing sufferings of the Third World, the tragedies in Africa? Without a doubt it would have been the antithesis of Webster's "global financialization" and without a doubt there would have been new, hard clashes with the Anglo-American oligarchy.

To wrap up: Albeit on completely different human and historical levels, we may compare Mattei with Charles de Gaulle. In what sense? In the sense that since World War II and for the entire postwar period they represented, and still represent, for their respective nations, a sense of national identity, an ideal reference point.

It is not a question of turning Mattei into a myth; on the contrary we need to demythologize him, because that has been a way of salving people's consciences. What would an Enrico Mattei do today, in a different situation? We must start from a deeper comprehension of his economic philosophy, which is what we have also proposed to present with this conference.

In the face of today's crisis, the best celebration in honor of Mattei is to understand concretely, that we need more Enrico Matteis.

Is Italy still worthy of giants like Mattei?

by Marcelli Colitti

Dr. Colitti is the director of Ecofuel (ENI) and the author of several books about oil and Enrico Mattei.

To speak about Enrico Mattei today is not easy. He evokes the image of a past that will never return, when Italian society produced men on a very different scale from today. What comes to mind is the famous phrase of the poet Vittorio Alfieri, at the dawn of the Risorgimento—the movement for Italian unity which did not yet have that name—when someone said to him, "But really, what do you Italians want? You are already a people which has become degraded and depressed, and go around looking for masters." And he answered, "Well, in Italy there are still brigands, which means that the 'human plant' is still growing vigorously, and it is just a question of exploiting it." I am hardly saying that Mattei was a brigand! I mean that in that period, people were born who today seem out of place, gigantic, and they would not fit into the rooms where the men who now administer the country live. It is hard to speak about persons who, the further away we get, the bigger they become. . . .

Let us try to say what value the experience and the program of Mattei have for us today. The Republic [of Italy] today is based on a political, economic, and social mechanism which is very different from that time, and I think that the selection process which carried Mattei to the heights he attained would today have worked in reverse: Mattei would never have become what he became in the present system, which has a ruthless selection I would define as upside down, which rewards the behavior of adapting to power, instead of the opposite. So we should ask ourselves whether this strongly positive image which Italians have, despite everything, of Mattei, is still valid. And since Mattei was a doer not a writer, not an intellectual, but one who put things into practice, rather than speak of the message he sent, we have to speak of his example, of what he did, because he educated Italians with his example.

Mattei's program

There is a series of examples which he gave. Let's look at them one by one in the effort to clarify what this person means today. The first, and for me the most extraordinary,