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The Istituto Mobiliare Italiano and the Internationalisation of Italian Businesses in the Post-War Period.

The Case of Italconsult, 1957-1973*

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ABSTRACT

The paper addresses a neglected aspect of IMI's activity in supporting the internationalisation of Italian industry in the post-war period: the creation of Italconsult in 1957, in partnership with some of the most important Italian private exporting industrial companies (Innocenti, Italcementi, Fiat, La Centrale, Montecatini and Sade, which were later joined by Pirelli, Edison and Finmeccanica). Italconsult aimed to coordinate the associated companies in sharing their technological know-how for the design of plants and supplies in tenders for large-scale works and contracts abroad. The initiative arose from the awareness, gained in IMI's experience of export credit, of the need to improve collaboration with foreign buyers, especially in backward countries, by combining financial assistance with technical assistance. In the first decade of its operation, Italconsult was able to make Italy one of the international players in the field of plant engineering, with exports concentrated in Latin America, Eastern Europe, North Africa and the Middle East. It thus contributed to fuel Italy's foreign trade, that was one of the main pillars of the development model adopted by the country in the post-war years; and it also played a part in shaping Italy's cooperation policy with developing countries. Subsequently, it experienced difficulties arising from the international crisis of the early 1970s and the growing problems of coordination between associated companies. On the basis of an original archival research and yet unpublished IMI

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records preserved in the Historical Archives of Intesa Sanpaolo, the paper aimed to trace the evolution of Italconsult and the role played by IMI in it.

1. Introduction

The paper aims to describe the role played by Istituto Mobiliare Italiano (IMI) in supporting the internationalisation of Italian industry from the end of 1950s to the beginning of the 1970s through its participation in Italconsult, created on its initiative in 1957 in partnership with some of the most important Italian private industrial companies.

The internationalization of Italian companies after the Second World War has been widely examined by various scholars in recent years (Gomellini, 2004; Gomellini, Pianta, 2007; Toniolo, 2013). As part of a more general process of increasing international cooperation, Italy adopted a development model that had the decisive opening to foreign trade among its main pillars. It was a choice that favoured an impetuous growth of Italian industry and economy as a whole (Gomellini, 2020). Gradually but rapidly, foreign trade took a significant weight in the Italian economy: the ratio between the value of total trade and the gross domestic product, a measure of the degree of openness, rose from about 20 percent at the beginning of the 1950s, to 32.8 percent in 1970; in addition, the ratio between exports and added value of the manufacturing industry rose rapidly from 14.3 percent in the early 1950s to 34.5 percent at the beginning of the 1970s (Gomellini, 2004, p. 15 and 19). The most intense expansion of exports was recorded between the end of the 1950s and 1964 and was accompanied by changes in the composition of exports of the manufacturing industry (prevalence of sectors based on economies of scale, such as cars and chemicals, and on scientific research, such as aeronautics, electronics and pharmaceuticals) consistent with the more general process of transformation of the Italian economy (Federico, Wolf, 2013), which allowed the country to catch up with that of the most advanced economies and to complete the

path of convergence from a peripheral industrial country to the core industrial countries in terms of both industrial production and GDP per capita (Gomellini and Toniolo, 2017), albeit with an even geographical distribution of modern manufacturing sectors in the country between the North and the Mezzogiorno (Iuzzolino, Pellegrini, Viesti, 2013). Moreover, in those same years foreign expansion of Italian firms beyond the pure export strategy accelerated, with an increase in the number of Italian multinationals (Berta, Onida, Perugini, 2013). In the remaining 1960s until the early 1970s, European and international expansion continued to drive the quantitative growth of Italian exports, while internal factors (such as the fall and then the stagnation of investments) affected the continuation of the technological and productive transformation of industry, consolidating the specialization of the country's exports in traditional products and mechanics (Gomellini, Pianta, 2007).

In the process of internationalization of Italian businesses, public support for exports was fundamental, through the construction of an organic system of insurance and financing of export credits which, starting from the original law 22.12.1953, n. 955 and subsequent amendments in tune with the economic development of the country, had become an important instrument of foreign economic policy. The post-WWII government's commitment to the progressive liberalization of trade on a global and European scale with the agreements reached under the aegis of the General Agreement on Tariffs and Trade (1947) and the Organization for European Economic Cooperation-OEEC (1948), respectively, created a twofold need. On the one hand, the urgency expressed by the entrepreneurs to have a mechanism for granting payment extensions comparable to those available to their European competitors on extra-European markets, which represented the main recipients of the excess European industrial production capacity that had remained unused after the war reconversion and which were starting development programs for their economies. On the other hand, the need of the Italian government, initially cautious with respect to the requests of the business world, to face the pressures on the trade balance, which manifested

themselves starting from 1952: the liberalization of imports from the OEEC area undertaken in 1951, in fact, clashed with the adoption of protectionist measures by France and Great Britain, important European outlet markets for Italian exports.

As already examined in various studies on IMI, support for the internationalization of Italian industry has been a salient aspect of its activity in the post-WWII (Lombardo, 2000; Sbrana, 2006; Lombardo and Zamagni, 2009). It was an activity that drew strength from the experience gained since its establishment in 1931. In the first five years of its operation, it discounted Soviet government bills of exchange for supplies from Italian companies in the mechanical, metallurgical and shipbuilding sectors for approximately 92.8 million lire (about 10% of the total financing granted in those years), collected with the issue of special series of bonds, guaranteed by the same bills of exchange issued by the USSR (Cesarini, 1982, pp. 25-26; Lombardo, 1998, p. 34, 49 and 428-433; Sbrana, 2006, pp. 312-313; Farese, 2009, pp. 194-200). In the post-war period, export credit became a prominent aspect of the Institute's activity: from 0.4% of IMI's total financing in 1955 to 7.5% in 1961 and 31.5% in 1968, and, after a setback in 1970-1971, it started a new expansive cycle from 16.2% of 1975 to 21.2% in 1979. Throughout these years IMI was the major medium- and long-term credit institution engaged in this activity, in comparison with other two medium- and long-term credit institutions, Efibanca and Mediobanca (Sbrana, 2006, pp. 139-150, 194-203, 255-270). In this activity, IMI was able to leverage public support for exports. In the context of government legislation – also defined with the contribution of IMI (IMI, 1976 and 1979; Sbrana, 2006, pp. 33-43, 183-189) – to regulate the financing of export credits from 1953 onwards, from the very first operations the Institute felt the need to develop tools to complement those provided by the law. On the one hand, IMI, experiencing the difficulties and slowness of the mechanisms of its implementation, recommended the adoption of new and improved procedures, such as the formula of framework agreements with foreign banks (Sbrana, 2006, 155-159; Sbrana, 2023), embodied in the 1961 law (5 July 1961, no. 635) (Sbrana, 2006, 189-

191). On the other hand, the Institute, understanding the urgency of supporting companies in opening new outlet markets, promoted various initiatives. After the brief experience of the *Sindacato di Iniziative per l'Esportazione* (SIE) – which IMI had established in 1954 with two other medium-term credit institutions, Efibanca and Mediobanca and which ended because the spirit of competition prevailed over that of collaboration between the three partners (Sbrana, 2006, pp. 90-103) – the Institute founded Italconsult in partnership with Innocenti, Italcementi, Fiat, La Centrale, Montecatini and Sade, which were later joined by Pirelli, Edison and Finmeccanica. The few studies dedicated to Italconsult highlight its role in contributing, together with other companies with similar purposes, to make Italy one of the international players (together with the United States, Germany, Great Britain, France and Japan) in the field of plant engineering, in the decades 1950s-1970s (Solustri, 2002; Pallini, Scaccabarozzi, 2011; Maraini, 2012; Zamagni, 2012). Yet, the role of IMI in Italconsult has been overlooked in the literature. This paper tries to fill this gap by describing the evolution of Italconsult from its creation until the end of the 1970s based on an original archival research and yet unpublished IMI records preserved in the Historical Archives of Intesa Sanpaolo. This long-term analysis allows for a better appreciation of the evolution of Italconsult and of the role that IMI had in it.

The paper is organized as follows: first, it describes the origins of Italconsult and the role played by IMI in its creation; second, it outlines the main aspects of Italconsult's activity in its first decade of operation; third, it deals with the difficulties experienced by Italconsult in the 1970s and the strategies adopted by its management to overcome them and IMI's choices with respect to these strategies. Finally, some concluding remarks are proposed on the new evidence that the paper brings to light in the contribution of IMI to support the internationalisation of Italian businesses in the post-war period.

2. The origins of Italconsult

The foundations of Italconsult were laid in a meeting organised, on the initiative of IMI,¹ at the IMI Representation in Milan on 9 March 1957.² The meeting was attended by: Stefano Siglienti, Silvio Borri and Astorre Oddi Baglioni for IMI; Vittorio Valletta, Cesare Torrazzi and Aurelio Peccei for Fiat; Luigi Innocenti for Innocenti; Carlo Pessenti for Italcementi; Luigi Bruno for La Centrale; Carlo Faina and Piero Giustiniani for Montecatini; Vittore Antonello for Sade; Guido Carli, who had recently concluded his experience as president of Mediocredito Centrale and would be appointed Minister for Foreign Trade in the Zoli Government on 19 May 1957 (a position he held until 1 July 1958). The companies involved were national champions in their sectors, also for the experimentation of innovative technical solutions,³ with consolidated financial relationships with IMI, also in the field of export credit.⁴ Some of them had also been pursuing strategies of expansion abroad for a long time.⁵

The purpose of Italconsult was “the study, organisation and management of industrial, commercial, financial, mining, agricultural, land reclamation and irrigation activities, public works and service companies, particularly abroad” (art. 2 of the Statute), to be achieved through a broad spectrum of activities, such as technical and financial consultancy to private individuals or public bodies, relationship with Italian government bodies, participation in tenders

¹ Historical Archives of Intesa Sanpaolo (HAI), Istituto Mobiliare Italiano (IMI), Secretariat of Statutory Bodies (SSB), Series 2 Various documentation, folder 6, file 6, Letter from IMI to the ministry of Treasury and the ministry of Industry and Commerce, 11 March 1957.

² HAI, IMI, Department Shareholding (DS), Series 2 IMI Shareholdings - 7 Italconsult, folder E, file “Italconsult (fascicolo E) Costituzione della società”, “Riunione per la creazione di una società per la promozione di affari all'estero”, 9 March 1957.

³ For instance: La Centrale (Vasta, 1994); Pirelli (Bellavite Pellegrini, 2018); Italcementi, also in partnership with other companies such as Sade (Zamagni, 2006).

⁴ Innocenti was the company to which IMI financed the first export credit operation in Argentina (Sbrana, 2006, pp. 76-79; Capasso, Costa, Pasotti, 2020).

⁵ For instance: Fiat (Castronovo, 1999; Volpato, 1999), Pirelli (Bellavite Pellegrini, 2018) and Innocenti.

with partial or total accountability for the management of the works, agreements with similar companies or with foreign financial institutions, the assumption of participations in initiatives promoted by other institutions.⁶

As communicated by IMI in a letter to the Ministry of the Treasury and the Ministry of Commerce and Industry of March 11th 1957, the creation of Italconsult conformed to the “spirit of the law of 22.12.1953 and to the aim of developing assistance to the export activity of Italian industry.”⁷ It was also underlined how it responded to the need to provide, in the search for new outlets for Italian exports, not only financial collaboration (already promoted by IMI with agreements with foreign banking institutions), but also “technical collaboration that can be offered only by coordinating within a joint organization the experience of some major Italian industries, particularly in the interest of small and medium-sized companies not able to create their own organizations.”

We can conjecture that this attention to small and medium-sized enterprises can be connected to the Government’s interest in promoting their development, also and above all in the Mezzogiorno given that at the beginning of the 1950s the system of regional credit institutions had been reorganized (e.g. Istituto Regionale per il Finanziamento alle Industrie in Sicilia – IRFIS, Istituto per lo Sviluppo Economico dell’Italia Meridionale – ISVEIMER, Credito Industriale Sardo – CIS) with the main purpose of financing, at favourable credit terms, the creation of new industrial plants and the expansion of small and medium-sized enterprises in the South with subsidized rates.

For the promoters, the working method of Italconsult had to be based on two aspects. The first was the coordination between the as-

⁶ HAI, IMI, SSB, Series 2 Various documentation, folder 6, file 6, “Statuto”, 1957. Unless otherwise specified, the quotations are originally in Italian and translated into English by the author of this paper.

⁷ Ibidem, letter from IMI to the ministry of Treasury and the ministry of Industry and Commerce, 11 March 1957.

sociate companies' and Italconsult's activities (especially of their technical offices), while remaining valid that Italconsult should "neither replace the foreign organisations of the participating companies, nor deprive them of their authority."⁸ The second aspect was that Italconsult should not operate for the exclusive benefit of its associate companies, but of the Italian industry, an aspect particularly underlined by Carli in the first meetings of Italconsult's Board of Directors.⁹ Furthermore, it was the intention of its promoters to make Italconsult an instrument at the service of a more active participation of Italy in the development policy in favour of backward countries. In the founding meeting it was stated that:

"despite the limitation of the financial means available to Italy, it does not seem that it can avoid participating in the industrialisation process of the States that implement a policy of economic development, both by granting technical assistance to Governments and private individuals and by intervening where possible with adequate amounts of financing".¹⁰

During its activity, Italconsult will often recall this aspect. In 1961, it also promoted the establishment of an Italian Association for International Technical Cooperation by the main private and public industrial groups (in addition to Italconsult's associates, Eni and Iri) and the main banks and insurance companies; the Association's aim would be "saving [developing] countries the cost of preliminary studies" and organising "an Italian action to be able to charge the costs of studies on funds allocated bilaterally for technical assistance programs from Government to Government."¹¹ The attention to this

⁸ Ibidem, "Proposte circa la organizzazione di una società per la promozione di affari all'estero", 5 March 1957.

⁹ HAI, IMI, Cappon Papers (CP), Series 2 Italconsult, folder 1 Board of Directors minutes, meeting 11 September 1958.

¹⁰ HAI, IMI, DS, Series 2 IMI Shareholdings - 7 Italconsult, folder E, file "Italconsult (fascicolo E) Costituzione della società", "Riunione per la creazione di una società per la promozione di affari all'estero", 9 March 1957.

¹¹ HAI, IMI, CP, Series 2 Italconsult, folder 2 Board of Directors minutes, meeting on 15 June 1961, "Nota riservata. Possibilità di organizzare e far funzionare uno strumento efficiente per l'esecuzione dei compiti di cooperazione tecnica all'estero".

aspect by the promoters of Italconsult was foresighted. On the one hand, it embedded the new character of development cooperation following the end of colonialism, i.e. the transition from paternalistic assistance in the framework of political and economic subjugation to cooperation and collaboration in supporting the economic development of backward countries through the promotion of their industrialization,¹² and on the other hand, Italy's government was urged to make up for the delay in the construction of a development cooperation policy.¹³

IMI was called upon to play a fundamental role in Italconsult. The Institute subscribed 25 percent of the capital of one billion liras, while the other shareholders had 12.5 per cent each. IMI had to provide financial resources, raising them either through the market (in Italy or abroad) or through Mediocredito, "possibly intervening with its own guarantee or in other forms provided for by its Statute."¹⁴ IMI had also to provide administrative consultancy and maintain the relations with the Italian government bodies. The centrality of IMI in the initiative was expressed in the assignment of the presidency to Stefano Siglienti, a responsibility he held until 1971, and of the secretariat of the Board of Directors to Giorgio Cappon, an engineer who joined IMI in 1947 as a trainee inspector and was subsequently involved in the management of foreign financing (Eximbank and Marshall Plan) and in the Institute's initiatives abroad (e.g. par-

¹² On the change of attitude towards backward countries, Aloisi de Larderel, 1988. The promotion of industry was not only in line with the interests of the Italconsult associates, but also reflected the dominant conception of the development strategy in the 1950s which assigned industry a driving role in the process of development and modernization of an economy (Szirmai, 2015).

¹³ Despite having a long tradition of development cooperation through numerous voluntary organizations dating back to the 1930s, development aid policy in Italy will reach full completion in the 1980s. Pierangelo Isernia (1995) describes the phase of development aid by Italy in the 1950s and 1960s as "non-political", as it was characterized not so much by the absence of concrete cooperation actions, but by the extemporariness of these actions and the absence of a basic political and regulatory design. See also Bonaglia, De Luca (2006) and Calandri (2013).

¹⁴ HAI, IMI, SSB, Series 2 Various documentation, folder 6, file 6, "Proposte circa la organizzazione di una società per la promozione di affari all'estero", 5 March 1957.

ticipating in the SIE missions), including those related to export credit operations (Lombardo, Zamagni, 2009, pp. 440-443).

The benefits of the partnership between IMI and Italconsult's associate companies were mutual (Sbrana, 2006, pp. 127-128). Italconsult would have brought new export credit activities to IMI, while the associate companies would have the opportunity to further consolidate their relations with IMI and to take on large contracts by accessing public funding and having the guarantees of a public law body. The latter aspect emerges clearly in the letter that Franco Marinotti, president of Snia Viscosa, wrote to Valletta on May 31st 1957. Since 1951 the two companies, together with Mediobanca and Montecatini, had been shareholders of the Compagnia Sviluppo Iniziative Industriali Agricole e Commerciali (Compass) whose aim was to support private economic-industrial initiatives and exports of Italian companies in Italy and abroad (Farese, 2020, p. 96). In the letter, Marinotti pointed out that the creation of Italconsult with IMI allowed Italconsult to have "State finances at its disposal which (...) can permit the completion of vast programmes," and he even raised the possibility of liquidating Compagnia.¹⁵

Competition with Mediobanca took place through the other technical-commercial company created by the Milanese Institute with IRI for the development of Italian exports, the Società Mercantile Internazionale-Intersomer. Intersomer was created in February 1955 with headquarters in Milan, with a capital of 50 million entirely paid by Mediobanca (Farese, 2020, pp. 108-115). After the failure of the initiative shared between Mediobanca and IMI with Efibanca – that is the Sindacato Iniziative Economiche –, following Carli's suggestion, IMI and Mediobanca accepted a sort of "geographical division" of the destination markets (Sbrana, 2006, p. 126) Italconsult

¹⁵ HAI, IMI, CP, Series 2 Italconsult, folder 1 Board of Directors minutes, meeting on 5 July 1957, Letter from Franco Marinotti to Vittorio Valletta, 31 May 1957. In fact, the following year, Mediobanca acquired all Compagnia Sviluppo Iniziative Industriali Agricole e Commerciali's shares. In 1960, the company entered the consumer credit sector, subsequently changing its name to Compass in 1962 (Farese, 2020, pp. 96-99).

would work mainly in Central and South America, the Middle East and some countries in North Africa whereas Intersomer would operate mainly in the African continent (Mozambique, Angola and other territories in West Africa) (Farese, 2020, pp. 140-144, 151-153).¹⁶

Italconsult had problems with other companies with its same purposes, which were joined by some of its associate companies. It was the case of Elettroconsult (later to become ELC Electroconsult) that was established by Sade, Fiat and Montecatini on April 20th 1955, to offer technical consultancy in the planning and building of power generation and production plants¹⁷ (Cariati, 2012). On the occasion of the agreement reached by Italconsult with David Lilienthal's Development and Resources Corporation¹⁸ for the construction of a hydroelectric plant at Salto Grande in Argentina in 1959,¹⁹ Piero Giustiniani, CEO of Montecatini, raised doubts about Italconsult's work and asked for greater coordination with Elettroconsult to avoid the two companies "finding themselves engaged in opposing fields for the same business."²⁰ In 1963, the Board of Directors of Italconsult discussed the opportunity of a coordination policy with Elettroconsult to avoid duplication of efforts and expenses.²¹

¹⁶ Efibanca continued the collaboration with IMI, adhering to the banking agreements with foreign countries in some credit export operations (Sbrana, 2009).

¹⁷ HAI, IMI, SSB, Series 2 Various documentation, folder 6, file 6, "Statuto", 1955.

¹⁸ The Development and Resources Corporation (DRC) was founded and directed by David E. Lilienthal (1899-1981), who was well known also for being one of the first director of the US government agency Tennessee Valley Authority (1933) (Neuse, 1996). The DRC operated from 1955 to 1979 and provided regional economic development services to governments, especially with a focus on the development of water resources and the construction of dams (Ekbladh, 2008).

¹⁹ HAI, IMI, Foreign Financial Secretariat (FFS), Series 3 Operations - 1 Italconsult Operations, folder 1 "Italconsult - America", file 4 "Argentina", Letter from Aurelio Peccei to David Lilienthal, 12 January 1959.

²⁰ Ibidem, Letter from Piero Giustiniani to Aurelio Peccei, 4 March 1960.

²¹ HAI, IMI, CP, Series 2 Italconsult, folder 3 Board of Directors minutes, meeting on 14 November 1963.

3. The first decade of Italconsult's activity, between economic opportunities and geo-political strategies

The first decade of Italconsult's activity was intense, with a dynamic start under the direction of Aurelio Peccei, who held the CEO position until 1975. Peccei's scope for action in the management of Italconsult was broad, as the promoters of Italconsult intended to create an entity organised according to "private criteria of speed and efficiency", which had an essential cornerstone in the "unity of command with the centralisation of all executive powers" in the figure of the CEO.²²

Peccei, a manager of Fiat, which he joined in 1930 after graduating in Economics, brought to Italconsult the experience he gained in the various roles that took him to the Far East in the second half of the 1930s and to Latin America in the post-war period (Castronovo, 1999; Castagnoli, 2015). The years at Italconsult were also those in which his vision of a global approach to world issues (e.g. economic inequalities, technological change, environmental protection) began to mature, and was then expressed, starting from the mid-1960s, in many speeches and initiatives, among which the best known and most influential was the Club of Rome (Castagnoli, 2009; Peccei, 2013). His vision is also easily traceable in the programmatic documents that guided the operations of Italconsult in the 1960s.²³

The good business prospects that Italconsult offered to its associated companies were demonstrated by the entry of two new partners, Edison and Pirelli, after the first two years of establishment. While Edison had consolidated relations with IMI, Pirelli, which had never resorted to financing from IMI, was considered by the Institute as one of the "most unpleasant defections" (Sbrana, 2006, pp. 173-174) and it was no coincidence that after entering the capital of Italconsult, one of its subsidiaries, Eternit, obtained financing from the

²² HAI, IMI, SSB, Series 2 Various documentation, folder 6, file 6, "Proposte circa la organizzazione di una società per la promozione di affari all'estero", 5 March 1957.

²³ See, for example, HAI, IMI, CP, Series 2 Italconsult, folder 2 Board of Directors minutes, meeting on 15 June 1961, "Nota riservata. L'attività di Italconsult dopo 4 anni".

Institute (with Efibanca) for the export of machinery and tubes in the Philippines. The entry of these two new companies was followed by that of a new one in 1961: Finmeccanica. The entry of a company from the IRI group was widely discussed in the Board of Directors, given that IRI was involved with Mediobanca in Intersomer. Two reasons prevailed: firstly, Finmeccanica boasted stable relations, also for export credit, with IMI; secondly, its entry was viewed as “a tool for connection and harmony with the entire group [IRI] for coordinated action abroad, wherever possible.”²⁴ With these new entries, IMI remained the main shareholder, with 25%, while the associated companies had 8.3% each.

3.1 The working method

The creation of a network of contacts with national and international government institutions was identified from the beginning by Italconsult as an effective tool for acquiring work orders. It was a way to balance the need to pursue the best economic opportunities with that of paying attention to geo-political interests, especially in certain geographical areas. An example is Peccei's exploratory visit in various countries of the Middle East, including Iran, a few weeks after the establishment of Italconsult, between the end of March and the beginning of April 1957.²⁵ Given the favourable business prospects, Italconsult opened a small office in Teheran²⁶ and within a year signed a contract of collaboration and technical assistance with the Iranian government for planning infrastructure and water systems within the framework of the seven-year development plan of the country.²⁷ Yet, before defining the project entirely, as a precautionary

²⁴ Ibidem, meeting on 19 January 1961, “Minutes”, p. 4.

²⁵ The ministry of Foreign Affairs had associated Associazione per lo sviluppo dell'industria nel Mezzogiorno – Svimez with the mission to Iran (Farese, 2017, pp. 79-80).

²⁶ HAI, IMI, FFS, Series 3 Operations - 1 Italconsult Operations, folder 3 “Operazioni Italconsult. Varie, Europa, Paesi Europei, Paesi Africani”, file “Varie”, “Alcune considerazioni viaggio Dr. Peccei ...”, by Aurelio Peccei, 17 April 1957.

²⁷ HAI, IMI, CP, Series 2 Italconsult, folder 1 Board of Directors minutes, meeting 11

measure, the Italian government asked the American Secretary of State, John Foster Dulles, to declare in Teheran that it was an initiative viewed favourably by the American government; the statement was made during a visit of Dulles to Teheran, in January 1958. The issue of Italian-Iranian cooperation remained on the agenda of the State Department and Italconsult was credited as an important company that had interests in the development of many regions of the world (Castagnoli, 2015, pp. 72-73).

Italconsult also leveraged consolidated political and economic relations to make business. It was the case, at the beginning of 1958, of the interest shown in coordinating negotiations and the organisation of supplies for the construction of a fertiliser plant and a nitrogenous synthetic fibre plant in Yugoslavia by some Italian companies, including Montecatini. Italconsult's action took advantage on the one hand of the agreement between the Italian and Yugoslavian governments, signed in Rome in February 1957, and on the other of the collaboration agreement stipulated between IMI and the Jugoslovenska Investiciona Banka-Investbanka, also signed at the beginning of 1957, to facilitate the financing operations of Italian supplies to Yugoslavia (Sbrana, 2006, pp. 116-117).²⁸ Furthermore, the following year, in 1959, Italconsult participated in Confindustria's visit to the country, also "welcoming the suggestions of the Italian authorities" to promote the development of Yugoslavian industry and increase trade with Italy.²⁹

September 1958. The activities of Italconsult in the country were later the subject of a 35 mm colour documentary entitled "Baluchistan and Sistan", which was produced by Italcine and directed by Fabio de Agostini. The documentary won the special prize for the best documentary on Italian activities abroad at the second national industrial film festival organized by Confindustria in Venice in 1961 and was then chosen for the Italian selection of the 2nd International Industrial Film Festival in Turin on 25-28 June 1961 (Ibidem, folder 3, meeting on 15 June 1961).

²⁸ HAI, IMI, FFS, Series 3 Operations - 1 Italconsult Operations, folder 3 "Operazioni Italconsult. Varie, Europa, Paesi Europei, Paesi Africani", file "European Countries Yugoslavia": letter from Luigi Malvasio (Italconsult) to Silvio Borri (IMI), 12 May 1958; letter from Borri to Augustin Papic (general director of Investbanka), 27 June 1958; letter from Peccei to Borri, 10 June 1958.

²⁹ HAI, IMI, FFS, Series 3 Operations - 1 Italconsult Operations, folder 3 "Operazioni

The contacts initiated by Italconsult with various international organisations – both global such as the United Nations and its agencies (e.g. the Food and Agriculture Organization – FAO, the United Nations Educational Scientific and Cultural Organization – UNESCO), and regional ones such as the European Economic Community – EEC, the Organization of American States – OAS and the Inter-American Development Bank – IADB – were equally important and led many of these organizations to become clients of Italconsult's services. The coordinating role played by IMI's Representation Offices was fundamental in these relationships. For example, the Washington Representation Office³⁰ was actively involved in "building relationships in the United States" to collaborate with the Inter-American Development Bank in designing a hydro-electric plan to exploit the Limay River in the Chocon area, which the Argentine Government intended to implement in order to improve the country's energy supply.³¹ At the beginning of 1959, following a meeting between Peccei and the head of the Argentine government, Arturo Frondizi, a consortium of Italian-French-English companies was established on the initiative of the CEO of Italconsult, for the preparation of a feasibility study. The consortium was celebrated by the press as "an expression of European collaboration" and as "the first eloquent testimony of the new possibilities of agreements between the Old Continent and the South American nation that in the Old Continent seemed to be the logical continuation beyond the Atlantic."³² IMI, in collaboration with the French Union des Mines, played a fundamental role in drawing up the financial programme for the implementation of the working programme. The consortium concluded the executive planning in 1965,

Italconsult. *Varie, Europa, Paesi Europei, Paesi Africani*", file "Italconsult. Operazioni n. 503. Jugoslavia: visita della delegazione della Confindustria".

³⁰ The Washington Representation Office was created in 1947, in conjunction with the beginning of the IMI's relations with the Export-Import Bank (Lombardo, 2000).

³¹ HAI, IMI, FFS, Series 3 Operations – 1 Italconsult Operations, folder 1 "Italconsult-America", "Argentina-Chocon plant (dossier by Eng. Cappon)", 1959-1961.

³² Ibidem, Martin Lugano, *Grandiosa impresa in Argentina di un consorzio italo-franco-inglese*, "Corriere della Sera", 12 March 1959.

and Italconsult then obtained the task of preparing the tenders relating to the construction works of the dam³³ (Capasso, Costa, Pasotti, 2022). At the end of November 1960 the IMI Representation Office in Mexico³⁴ was asked to initiate contacts with the Guatemalan government authorities and the World Bank officials visiting the country in order to include Italconsult among the companies involved in the realisation of a feasibility plan for the exploitation of the water potential for the electrification and irrigation of the country, in which the World Bank was to play the role of executive agency for its realisation.³⁵

A profitable strategy for procuring business was to join financial institutions in the countries where contracts were taken on; this occurred especially in African and Middle Eastern countries for geopolitical considerations. In 1957, among the first memberships, Italconsult joined the Banque Tunisienne de Développement, whose 50% of capital was subscribed by the Tunisian government and the remaining half by European groups. In 1958, it also contributed to the creation of the MIDECE-Middle East Industrial Development Projects Corporation SA (Luxembourg),³⁶ with 30 other financial institutions from European countries (Great Britain, France, Germany, Belgium, the Netherlands, Denmark, Sweden and Norway) and the United States, and later joined by those from five Arab countries (United Arab Emirates, Saudi Arabia, Lebanon, Iran and Kuwait); MIDECE had the aim of developing projects in the Middle East on a cooperative basis.

Collaborations by Italconsult were also started with similar in-

³³ HAI, IMI, CP, Series 2 Italconsult, folder 3 Board of Directors minutes, meeting on 4 June 1965, minutes p. 3, and *Ibidem*, folder 4 Board of Directors minutes, meeting on 20 June 1966, minutes p. 11.

³⁴ The Representation Office in Mexico was established in 1957.

³⁵ HAI, IMI, FFS, Series 3 Operations - 1 Italconsult Operations, folder 1 "Italconsult-America", file "Italconsult Guatemala", letter from Malvasio to Borri, 2 November 1960.

³⁶ ASI-IMI, CP, Series 2 Italconsult, folder 1 Board of Directors minutes, meetings January 14 and March 17, 1958; the correspondence on Italconsult's participation in the MIDECE, in HAI, IMI, SSB, Series 2 Various documentation, folder 6, file 6.

stitutions from other European countries. For example : the French, Société Générale d'Études et de Planification, Société Grenobloise d'Études et d'Applications Hydrauliques, Société Générale d'Exploitations Industrielles; the German Deutsche Projekt Union; the American Stanford Research Institute; the English Economist Intelligence Unit. In 1959 Italconsult also promoted, with the Belgian Société d'Études pour le Développement and the French Société Générale d'Études et de Planification, the constitution of the European Association of Study for Development – ASED. The aim of ASED was the development of a European multilateral action in Overseas Countries and Territories (OCT) associated with the EEC within the framework of the initiatives of the Fund for Overseas Territories,³⁷ which was created with the Rome Treaty and funded by EEC countries' contributions in order to meet the costs of economic and social infrastructure investments in the OCTs. We can see in this action of Italconsult a further attempt to solicit an active commitment of Italy in the development cooperation policy, which, as we have seen above, had been emphasized since its establishment; in this case Italconsult focused on the possibilities provided by multilateralism in the European context.³⁸ Among the first results achieved by ASED, there was an agreement with the General Governorate of Ruanda-Urundi for the preparation of a development plan for the country, with European financing and the sending of a first Italian-French-Belgian inspection mission to the country.³⁹

With the increased work, Italconsult opened branches and representations offices abroad. After ten years from its creation, Italconsult had branches in Cairo (1961), Beirut (1964), Riyadh (1965), Nairobi (1966), Quito (1968) with the addition in the early 1970s of Addis Ababa, Kampala, Santiago de Los Caballeros and Khar-

³⁷ HAI, IMI, FFS, Series 3 Operations - 1 Italconsult Operations, folder 3 "Operazioni Italconsult. Varie, Europa, Paesi Europei, Paesi Africani", file "Europa: 501 ASED European Association for the Study of Development".

³⁸ In fact, the Italian government was the promoter of collective initiatives by Europe towards developing countries between the 60s and 70s (Calandri, 2009).

³⁹ Ibidem, letter from Peccei to Borri, 8 October 1959.

toum;⁴⁰ it also had representative offices in Brussels, New York, Paris, Rio de Janeiro, and Washington. Relying on the availability of local technicians in Latin America, the Company decided to place them under the management of Italconsult Argentina, later transformed into Latinconsult Argentina, which in turn became the promoter of various consulting firms in other countries of the continent (El Salvador, Chile, Ecuador, Brazil, Panama, Paraguay, Peru, Uruguay, Venezuela). Renamed Latinconsult Argentina in 1967, at this date, it had approximately 50 employees and almost 40 permanent consultants and had promoted the establishment of similar consulting firms in ten other Latin American countries.⁴¹

3.2 Operational areas: from the study and development to the execution of projects

Italconsult's activity was initially focused on study and design activities.

The operational areas were varied: socio-economic development plans (e.g. the seven-year plan in Iran mentioned above; the development plan for the natural resources of the Rio Colorado Valley for the Comisión Técnica Interprovincial in Argentina; the preliminary study of the economic development of Tangier for the Moroccan Ministry of National Economy and Finance); agricultural improvement projects (e.g. the design of experimental agricultural centres for the teaching of modern cultivation techniques in Laos and Thailand under contracts stipulated with the Food and Agricultural Organization); master plans for large hydrographic basins (e.g. that of the Chocon in Argentina); studies and projects for hydroelectric and thermoelectric power plants, transmission lines and substations, as well as their interconnection with existing electrical plant systems; construction of road, railway and airport infrastructures (e.g. the de-

⁴⁰ HAI, IMI, CP, Series 2 Italconsult, folder 6 Board of Directors minutes, meeting on 10 July 1973.

⁴¹ *Italconsult, 1957-1967*, Rome, 1967, p. 8. The publication edited by the Company's Technical Services is preserved in Ibidem, file meeting of 20 June 1967.

sign of the coastal road and the bridge over the Wadi Kuf in Libya); industrial development plans (e.g. studies for the tractor market in Argentina and Brazil for Fiat Concord).⁴²

Among the first works, which had a wide echo and consensus, there was the planning of the rescue intervention of the temples of Abu-Simbel, presented by Italconsult to UNESCO as part of the international campaign that the United Nations agency had launched in March 1960 for the protection of the monument from the risks deriving from the construction of the Aswan Dam.⁴³ The Italconsult's project, supported by the Italian Ministry of Foreign Affairs, was praised as "one of the most courageous and intelligent projects that [had] ever been conceived in the field of archaeology."⁴⁴ While Italconsult worked to set up a working group that included Impresit, Lodigiani and the American Westinghouse Air Brake, various strategies by IMI (also in collaboration with Mediobanca) were pursued to finance the execution of the project.⁴⁵ However, the difficulty in finding the resources necessary to finance it made UNESCO turn to a more economical project.

The contract stipulated by Italconsult with the government of the United Arab Republic (UAR) at the end of December 1959 for the study, planning and execution of a plan for the reclamation and agricultural development of a vast semi-desert area of the middle Nile was of particular importance in the Italconsult's business because it opened the way to extending its activity to project execution. The project, implemented with the participation of Impresit⁴⁶ and

⁴² For a comprehensive overview, *Italconsult, 1957-1967*, Rome, 1967.

⁴³ HAI, IMI, FFS, Series 3 Operations - 1 Italconsult Operations, folder 3 "Operazioni Italconsult. Varie, Europa, Paesi Europei, Paesi Africani", file "Egitto: lavori di salvataggio dei templi di Abou- Sinbel [sic]".

⁴⁴ Ibidem, Minutes of the meeting of the Board of Directors of the Italian National Committee for Nubia, 28 February 1963.

⁴⁵ A Committee was established under the presidency of senator Umberto Zanotti Bianco, consisting of Quinto Quintieri, Giuseppe Vedovato, Stefano Siglienti, and Carlo Andrea Scardi di S. Antonino (general secretary). Also, IMI and Mediobanca were activated to propose a loan to UNESCO (Ibidem).

⁴⁶ The company was created by Fiat in 1929 for operating in the civil engineering sector (Castronovo, 1999).

Cogefar⁴⁷ that joined the initiative in a later phase, led to the creation of an ad hoc company, Bonifica, equally owned by Italconsult and Impresit.⁴⁸ The works, which aimed «to ensure the rational use of the waters in the Nile Valley» through the Assuan dam,⁴⁹ were delivered in 1967, almost coinciding with the Six-Day War. For financing the work, a pool of Italian banks (IMI, Credito Italiano, Banco di Roma, Banca Nazionale del Lavoro) led by the Banca Commerciale Italiana was created in 1962.⁵⁰ Moreover, an agreement between IMI and the Egyptian Central Bank was stipulated to facilitate the currency obligations of the UAR government because, as Silvio Borri (IMI) wrote to the ministry of Foreign Trade on October 25th 1963, the loan had “an outstanding political character” within the Italo-Egyptian agreements on economic and technical cooperation.⁵¹

As said above, the reclamation contract in Egypt opened the way to extending Italconsult’s activity to project execution. In 1961, Peccei proposed to extend this activity, as it would have allowed Italconsult to obtain the profits necessary to support the increase in management costs resulting from the growing activities.⁵² Faced with the initial resistance of some associate companies (Fiat, Finmeccanica and Pirelli), it was decided to separate the study and design activity from the execution activity, with the establishment of an ad hoc company, Generale Impianti, in partnership with IMI (75%). In 1964, the participation in Generale Impianti was extended to other shareholders of Italconsult: Fiat and Finmeccanica (25% each) and Edison, Innocenti, Montecatini and Pirelli (5% each). In 1967, Italconsult took over the complete control of Generale Impianti. By this time, Gene-

⁴⁷ Cogefar-Costruzioni Generali Farsura was established in 1959 to construct civil engineering plants in Italy and abroad, on both its own and the behalf of third parties.

⁴⁸ HAI, IMI, CP, Series 2 Italconsult, folder 1 Board of Directors minutes, meeting on 9 September 1960.

⁴⁹ *Ibidem*.

⁵⁰ HAI, IMI, Loan Series, pr. 11835.1.

⁵¹ HAI, IMI, Loan Series, pr. 13198.2.

⁵² HAI, IMI, CP, Series 2 Italconsult, folder 2 Board of Directors minutes, meeting on 30 August 1962.

rale Impianti had been active in significant business. The first work as project manager in constructing a chemical cellulose plant in Poland was followed by the construction of a sugar refinery in Iraq, a thermoelectric power station in Dhahran (Saudi Arabia), a canning plant in Algeria, and 24 hospitals in Ecuador.

In 1964, Italconsult undertook a review of its operational strategy that was embodied in the "Program '64". The program was intended to "consolidate and strengthen [Italconsult] to adapt it to a higher level of needs and to the new profound changes that [were] emerging in the economic structure of the international world."⁵³ It focused on three aspects:

1. the centralisation in Italconsult of the functions of contact, promotion and coordination of the activities abroad;
2. the assignment of executive activities as well as studies and planning in specific sectors to specialized companies, and the connection of these companies to Italconsult through specific agreements;
3. the strengthening of the operational coordination between Italconsult and the associated companies.

As part of this program, Generale Impianti and Bonifica were strengthened and a new business was created, Valtur, in partnership with the Automobile Club Italia (ACI). Italconsult played a fundamental role in the operational direction of Valtur until the early 1970s, with particular attention to design and technical consultancy; the management of Valtur was assumed by Raimondo Craveri, an Italconsult official and a careful observer of the problems of Italian tourism.⁵⁴ Taking up the model of the French Club Méditerranée,

⁵³ Ibidem, folder 3 Board of Directors minutes, meeting on 8 June 1964, "Programma 1964", p. 2.

⁵⁴ Already in 1946, when he was at the BCI Representative Office in Rome, he wrote three broad memoranda in which, starting from an exam of the state of Italian tourism, proposed a reform of the Compagnia Italiana Turismo in order to "lay the foundations and organise a massive mass tourism" (HAL, Banca Commerciale Italiana, Mattioli Papers, folder 64, file Raimondo Craveri, "La CIT - Compagnia Italiana Turismo e la ricostruzione turistica nazionale", p. 10) (Pasotti, Costa, 2021).

Valtur promoted the construction of integrated tourist centres in Italy and other Mediterranean countries. The dynamism of Valtur was favoured by the capital of relations with political and financial institutions in Italy and abroad, which was also the strong aspect of Italconsult's activity (Pasotti, Costa, 2021).⁵⁵

At the same time Italconsult's organization was restructured. The unity of command that was established at the beginning as a factor to guarantee effectiveness and efficiency of management was overcome with the creation, alongside the role of managing director (which continued to be carried out by Peccei), of that of general director (to which Celestino Segni was appointed), supported in the execution of his responsibilities by directors who would supervise the management of Italconsult's subsidiaries.⁵⁶

3.3 Geographical areas of Italconsult's activities

Italconsult's activities were mainly carried out in developing countries. As emerges from the minutes of the Board of Directors and the annual financial reports, the geographical concentration of activities followed a cyclical trend, which was justified both by the duration of the work orders undertaken and the changes in the political and economic conditions of the countries. Nevertheless, it is possible to draw a geographical map of Italconsult's work in the first decade of its activity.

Latin America was the most favoured continent, with Argentina among the first countries of interest, followed by Venezuela, Brazil, Ecuador and Peru; this is an aspect that finds its parallel in the trend

⁵⁵ Even before its establishment, Italconsult's Board of Directors was informed of contacts for studying tourism development plans in Tunisia, Libya, Malta and Turkey (HAI, IMI, CP, Series 2 Italconsult, folder 3 Board of Directors minutes, meeting on 14 November 1963). In Italy, the first two tourist villages in Marina di Ostuni and Capo Rizzuto began operating in 1969; built with the benefit of financial assistance from Cassa per il Mezzogiorno, they were managed by Valtur Servizi, set up with a company specialised in catering and linked to Alitalia (Idem, folder 5 Board of Directors minutes, meeting on 4 June 1969).

⁵⁶ Ibidem, folder 3 Board of Directors minutes, meeting on 8 June 1964.

of IMI export credit in this area in the same period (Sbrana, 2009, pp. 229-232). This concentration is explained by Italy's traditional ties with these countries and by the economic interests located in these countries where Italian emigration, technology and products found market outlets in growing development, also thanks to the favourable disposition of their governments. The case of Argentina is of particular importance as Italconsult was active in supporting the numerous Italian businesses in the country, which were the result of the huge migratory flows in the country started in the 19th century. From this perspective the technical assistance provided by Italconsult, allows for the investment of Italian capital abroad, which was traditionally lacking (Goldstein, Lluch, 2010; Capasso, Costa, Pasotti, 2021).

Between the end of the 1950s and the beginning of the 1960s, a share of affairs also concerned the countries of Eastern Europe, particularly those with which IMI had entered into banking agreements (e.g. Yugoslavia and Poland), initiating the Institute's Ostpolitik (Sbrana, 2006, p. 210).

African countries (especially those bordering the Mediterranean) and the countries of the Asian continent acquired particular importance throughout the 1960s.

Italconsult also took on work orders in Italy, although these activities remained less numerous than those undertaken abroad. Following a study project concerning the economic development of the city of Turin and its region in 1961,⁵⁷ Italconsult was mainly involved in research for the development of the Mezzogiorno as encouraged by some Board of Directors' members (Pesenti of Italcementi, Magrì of Finmeccanica and Valletta of Fiat, in particular).⁵⁸ In addition to planning individual initiatives, Italconsult oriented itself towards

⁵⁷ Ibidem, folder 2 Board of Directors minutes, meeting on 19 January 1961. The study was developed by the Istituto Ricerche Economico Sociali "Aldo Valente" and Société d'économie et de mathématique appliquées and was published in 1962 with the title *Programma di studio sullo sviluppo economico di Torino e della sua regione*.

⁵⁸ Ibidem, meeting on 15 June 1961.

creating industrial development hubs. The approach, borrowed from the Italian experience of public intervention in the Mezzogiorno from the second half of the 1950s (Cerrito, 2010; Bonatesta, 2020; Dandolo, Amoroso, 2022), was based on the belief that in areas with lack of intermediate industries and local services due to insufficient demand, it was necessary to promote the creation of primary industries of a homogeneous nature (mechanical, household appliances, electronics, etc.) and at the same time of the essential auxiliary industries in order to create possibilities for autonomous development.⁵⁹ Among the most significant studies and projects was the one carried out on behalf of the EEC Commission and the High Authority of the European Community of Steel and Carbon⁶⁰ for the promotion of an industrial hub for the Bari-Taranto area that would involve companies belonging to the six EEC countries and would complement the existing industrial settlements (e.g. Italsider in Taranto). The project, started in 1961, was concluded in 1966.⁶¹ Connected to this study, Italconsult developed also the training project carried out on behalf of IRI-Formazione Addestramento Professionale in two Italsider steel industrial complexes (Taranto and Bagnoli). The project applied the teaching method developed by the Human Resources Section of Italconsult (called SEDES – Social and Economic Development Educational System) to correct behaviours that had a negative impact on work productivity (e.g. absenteeism, lack of accident prevention measures, clientelist relationship with superiors, etc.).

4. Italconsult's activity from the end of the 1960s to the external administration

From the end of the 1960s, Italconsult entered a phase of financial

⁵⁹ For a comprehensive overview, *Italconsult, 1957-1967*, Rome, 1967, p. 20.

⁶⁰ IMI was the sole agent in Italy for loans granted by the ECSC to companies in the coal and steel sector starting from 1955 (Lombardo, 2000).

⁶¹ HAI, IMI, CP, HAI, IMI, CP, Series 2 Italconsult, folder 2 Board of Directors minutes, meeting on 15 June 1961 and folder 4 Board of Directors minutes, meeting on 20 June 1966.

difficulty. The “extraordinary orders” for study and design – that is, significant size order of works, lasting several years⁶² – which had guaranteed the economic balance in the first decade of activity, decreased, while the increase in “ordinary orders” – that is, small-medium sized work orders, generally of short duration – was not sufficient to cover the increase in management costs, due above all to the increase in personnel costs. As a matter of fact, this latter item began to be of increasing importance due to the convergence of various factors such as the general movement of wage claims of the time, “the competition of international institutions with the same purposes,” and the increase in “additional benefits for difficult residence abroad” for the employers.⁶³

The international crisis of the early 1970s worsened Italconsult’s financial difficulties. New orders dropped significantly: from 18 million dollars in 1968-1969 to 5,3 million dollars in 1971-1972.⁶⁴ Furthermore, Italconsult experienced increased delays in payments by clients who, being primarily in underdeveloped countries, had suffered the direst consequences of the crisis.⁶⁵ Italconsult consequently resorted more to bank credit to grant payment extensions, both by taking advantage of the new law on export credit of 1967 (28 February 1967, no. 131) and by making greater use of IMI’s loans.⁶⁶ There were also cases, never experienced before, of unilateral cancellation of contracts, which were followed by costly disputes, such as in 1971, the breaking of the contract for the design and construction of a chain of hotels in Ecuador that was arbitrated at the International Chamber of Commerce in Paris, and, in September of the same year,

⁶² Such were the orders from Iran (1958-1962), Libya (1965-1971), Saudi Arabia (1965-1969) and Egypt (between 1960 and 1970).

⁶³ HAI, IMI, CP, HAI, IMI, CP, Series 2 Italconsult, folder 5 Board of Directors minutes, meeting on 4 February 1970, “Nota riservata per il Consiglio di amministrazione”.

⁶⁴ Ibidem, folder 6 Board of Directors minutes, meeting on 10 July 1973, “Nota riservata per il Consiglio di amministrazione”.

⁶⁵ Ibidem, folder 5 Board of Directors minutes, meeting on 22 June 1970, “Nota riservata per il Consiglio di amministrazione”.

⁶⁶ Ibidem, folder 6 Board of Directors minutes, meeting on 10 July 1973, “Nota riservata per il Consiglio di amministrazione”.

the unilateral breaking of the contract for the design and management of road works acquired in Libya.⁶⁷ Finally, the difficulties of the Italian financial market, which had seen the drying up of short-term credit sources and the suspension of financing from Mediocredito Centrale for the development of exports and works abroad, had led Italconsult not to follow up on some operations not yet definitively concluded.⁶⁸

To address the financial difficulties, Italconsult pursued a dual operational strategy.

The first was a diversification of the areas of activity with the expansion of the activities of execution of works – assuming both the role of principal contractor and the construction of “turn-key” plants – rather than those concerning the study and design of projects. Collaborations were strengthened with two associated companies, Montedison⁶⁹ and Fiat; among the most important business undertaken jointly there were the construction of detergent plants in Algeria with Montecatini and of desalination plants in Libya with Fiat.⁷⁰ At the same time, the system of Italconsult’s subsidiaries was reorganised. In particular, Generale Impianti was strengthened in its shareholding structure with the entry of financial institutions, given the importance assumed by the financing activities to support the creation of plants abroad. Having acquired all the shares of the company in 1967, in March 1973 Italconsult increased the capital of Generale Impianti to 1 billion liras, with the participation of Istituto di Credito per le Imprese di Pubblica Utilità-ICIPU (30%), Fides-Unione Finanziaria (trustee of the Banca Commerciale Italiana, 10%), Finai-Finanziaria Italiana (trustee of the Banca Nazionale del Lavoro, 10%).⁷¹ Furthermore, in 1974 Italconsult Lavori was established, with

⁶⁷ Ibidem, meeting on 9 February 1972, “Nota al Consiglio di amministrazione”.

⁶⁸ Ibidem, meeting on 22 May 1974.

⁶⁹ Montedison was created in 1966 with the merger of Montecatini with Edison. Firstly, named Montecatini Edison, it acquired the name Montedison in 1970 (Marchi, Marchionatti, 1992).

⁷⁰ HAI, IMI, CP, HAI, IMI, CP, Series 2 Italconsult, folder 5 Board of Directors minutes, meeting on 10 July 1973.

⁷¹ Ibidem, “Nota riservata sull’Italconsult”, 16 May 1973.

a share capital of 500 million liras, almost entirely subscribed by Italconsult. Finally, in the same year, Italconsult sold its shareholding in Valtur as the primary purpose of its participation, namely, to provide design and technical services to the company, had ceased.⁷²

The second strategy pursued was the intensification of the activities in Italy. In addition to the design and study for regional development planning, Italconsult took on commissions for the design and study of plans for hydro-geological management.⁷³ However, the fulfilment of this strategy, as emphasised on several occasions by Italconsult's management, was hindered by bureaucracy and political uncertainty.⁷⁴

In conjunction with this twofold transformation of its activity, Italconsult undertook an organizational restructuring. At the internal structure level, Italconsult created technical divisions in charge of design in the fields of a) civil engineering, b) exploitation of water resources, c) economic and industrial plans, d) special projects; in addition, it established a section for the application of mathematical models, operational research and systems analysis. At the external structure level, Italconsult pursued a rationalization of its foreign branches;⁷⁵ in 1970, with the introduction of changes in the Argentine legislation relating to consulting firms that required the majority shareholding to be held by Argentine partners, Italconsult sold the majority share of Latinconsult Argentina's capital to a group of local professionals who were already its shareholders, maintaining only 20%.⁷⁶

In conjunction with doubling the share capital from 1,500 million to 3,000 million liras, decided in 1973 (but implemented at the end

⁷² Ibidem, meeting on 24 July 1974.

⁷³ For example, in 1973, Italconsult published *Il Tevere e Roma. Impianto di depurazione di Roma Nord* and *Comunità del Garda. Piano di tutela e sviluppo del patrimonio ecologico del Lago di Garda*, in Ibidem, meeting on 10 July 1973

⁷⁴ Ibidem, meeting on 10 July 1973, "Nota riservata sull'Italconsult", 16 May 1973; Ibidem, meeting on 22 May 1974.

⁷⁵ Ibidem, meeting on 10 July 1973, "Nota riservata sull'Italconsult", 16 May 1973; Ibidem, meeting on 24 July 1974.

⁷⁶ Ibidem, meeting on 19 June 1970, "Nota riservata al Consiglio di amministrazione".

of 1974), the shareholder structure of Italconsult underwent changes. The shares of La Centrale were transferred to Bastogi Finanziaria, and Montedison acquired those of Innocenti.⁷⁷ Thus, the distribution of the capital was the following: Montedison, 42.67%; IMI, 25%; Fiat, Italcementi and Bastogi, each 8.33%; Pirelli and Finmeccanica, 3.67% each.⁷⁸ The composition of the Board of Directors was consequently changed, with an increase in the number of directors representing Montedison. Furthermore, in July 1974, Peccei resigned as managing director and took on the role of president; Celestino Segni was appointed in his place.

The new shareholding structure significantly impacted Italconsult's operating strategy. This is evident in a memorandum on the Company's perspectives dated 1975, which proposed to consolidate the design activities in the chemical sector in support to those of Montedison, to undertake activities (both design and execution works) in the pharmaceutical sector and to take on engineering work for the plants of companies in the Montedison Group (such as Carlo Erba and Farmitalia).⁷⁹ Moreover, Italconsult's activity was increasingly concentrated on plant engineering. Between 1977 and 1978, 50% of Italconsult's revenues came from the construction of industrial plants, 25% from civil constructions and the remaining 25% from studies, designs and work management, with a concentration in Algeria, Saudi Arabia and Libya. Among these, there was also the contract with the Algerian Société Nationale des Industries Chimiques, which will worsen Italconsult's financial situation. With a contract dated 12th November 1975, Italconsult committed to construct three "turn-key" plants for producing liquid and powder detergents for a total value of 130 billion liras. However, it turned out to be an unwise operation due to both the size of the contract in a period

⁷⁷ Ibidem, folder 6 Board of Directors minutes, meeting on 4 December 1973.

⁷⁸ HAI, IMI, DS, Series 2 IMI Shareholdings – 7 Italconsult, folder A / 1, file "Corrispondenza e promemoria 1975", "Italconsult. Distribuzione del capitale", attached to the note for Dr. Cefis (Montedison) by Pier Giorgio Gatti (secretary of Italconsult), 1 April 1975.

⁷⁹ Ibidem, "Italconsult. Situazione e prospettive", January 1975.

characterized by marked inflation and the inadequacy of the share capital necessary to face the risks inherent to the difficult Algerian market (Solustri, 2002; Maraini, 2012).⁸⁰ Equally unfortunate was the execution of the orders in Libya due to the problematic relationships with the clients.⁸¹

Faced with the new strategy of Italconsult and the negative trend of its activity,⁸² IMI decided to reduce its participation. In a note from the Institute dated April 8th, 1976, we read:

“The fact remains that, in the new arrangement, even more than in the old one, a significant participation of IMI in Italconsult has no reason to exist. At the time and for promotional reasons, IMI entered in a sector that, at that time, was still having difficulties in developing. Today, this no longer has any meaning and the presence of IMI, a 25% shareholder, risks making a settlement in the interest of industrial groups alone more difficult.”⁸³

On this basis, the Institute sold two third of its share to Montedison, bringing its participation to 8.34%.⁸⁴

In March 1979, the Institute refused to participate in the capital increase, which was decided by the other shareholders (even if it was never subscribed). Peccei wrote unsuccessfully to the then IMI's

⁸⁰ The start of the contract was already made difficult by the obstacles encountered by Italconsult in defining a financing program (minutes of the Board of Directors of 26 November 1976). Subsequently, the regular progress of the contract was hindered by disagreements with the client and then stopped by Italconsult's liquidation process. The works were resumed and completed by Italmobiliare (IMI), which took over from Italconsult in the original contract (Maraini, 2012, p. 358).

⁸¹ HAI, IMI, DS, Series 2 IMI Shareholdings - 7 Italconsult, folder B/2, minutes and documentation in preparation for the Board of Directors meetings on 20 February, 9 and 30 June 1975, 18 May and 26 November 1976.

⁸² As can be seen from the memoranda prepared by the IMI's Secretariat of Participations on the financial statements of Italconsult from 1975 onwards, in HAI, IMI, DS, Series 2 IMI Shareholdings - 7 Italconsult, folder B/1.

⁸³ Ibidem, “April 8, 1976”.

⁸⁴ Ibidem, folder D/1, “Resolution of the Executive Committee of 16 December 1976”. In truth, from a memorandum of November 17, 1976 for the IMI Participation Secretariat on the “agreements with Cefis”, IMI had considered reducing its participation to 3% (Ibidem, folder A/1, file “Corrispondenza e promemoria 1976”).

president, Cappon, underlining the opportunity of IMI's support to the operation because the act would have a "considerable emblematic and moral value" since the Institute had played the role of inspirer and founder of the initiative, and for the function that Italconsult was called to perform for the country's presence abroad, given "the current delicate Italian moment and the future of the coming years."⁸⁵

Then IMI decided not to join the efforts of Italconsult's management to address the Company's deficit situation, which, as of 30th September, 1979, had losses of 4,073 million liras. IMI was the only member not to participate in the loss coverage plan that the majority shareholder, Montedison, proposed as a bridging solution until Italconsult would be put under external control as provided by the so-called Prodi law (law 3 April 1979, no. 95). As it was discussed at the Executive Committee of the Institute, "exceptional contribution" by IMI to cover Italconsult's losses could only have occurred "if Montedison had presented a detailed program to relaunch the company with the entry of new shareholders."⁸⁶ Following the meetings of Italconsult with the creditor banks and with the Ministry of Industry, IMI drew the conclusion that the resolution of the Italconsult situation represented a "great disengagement operation by Montedison" and an affair whose repercussions were "underestimated by both Montedison and the government."⁸⁷

Even in subsequent attempts by the Extraordinary Commissioner Luigi Cappugi aimed at exploring possible interventions by IMI to reduce the creditors' losses, the Institute reiterated its refusal despite the recognition of the positive results achieved by Italconsult under the external administration.⁸⁸

⁸⁵ Ibidem, folder A/1, file "Corrispondenza e promemoria 1978", letter from A. Peccei to Cappon, 23 March 1979.

⁸⁶ Ibidem, folder D/2, Resolution of the Executive Committee, 17 January 1980.

⁸⁷ Ibidem, folder A/1, file "Corrispondenza e promemoria 1980", "Italconsult Spa-Roma", 21 March 1980.

⁸⁸ Ibidem, folder A/1, file "Corrispondenza e promemoria 1982", letters of Luigi Arcuti (president of Imi) to Cappugi, 11 February and 30 March 1982.

5. Concluding remarks

The paper described a neglected aspect of IMI's contribution in supporting the internationalization of Italian industry: its participation in Italconsult. It was connected to the more general process of increasing international cooperation and Italy's opening to foreign trade in the post-war years, with State intervention to support it through a system of promotion-insurance-financing of export credits that fostered the growth of Italian industry and economy as a whole in the 1950s and 1960s. With Italconsult, IMI created a public-private partnership to enhance the international projection of Italian industry, which was consistent with the transformation of the economic structure of Italy from a predominantly agricultural country to a predominantly industrial country, and from a country exporting manufactured goods to an exporter of engineering plants. Business and banking world provided a valid collaboration to governmental authorities to consolidate Italy's position as an open economy. In this sense, IMI, together with the industrial companies that joined Italconsult, not only accepted the foreign policy strategy of the Governments but also contributed to build it. Through the activity of Italconsult, IMI was also a pioneer in launching Italy's cooperation policy with developing countries.

Italconsult exemplifies two peculiar characteristics of IMI's operations, which derives from being a public credit institution that work for the interest of the country's economy as a whole.

The first is the assistance of industry in all its needs, not limiting itself to make credit, and serving the promotion of export as a responsibility, because it is not only a business opportunity but also a priority for the country's economy. This aspect also emerges with reference to IMI's positions when in the 1970s in the Italconsult's management the interests of only some associated companies prevailed, compared to the logic of the group.

The second characteristic is the importance of the network of relationships with governments (both Italian and of the countries in which it operated), international institutions and foreign companies.

Italconsult was part of an activity abroad and a network of international relations that had already been partially formed since the immediate post-war period in the management of the Export-Import Bank loan and the Marshall Plan aid, and later in export credit operations and relations with European institutions (the European Community for Steel and Carbon and the European Investment Bank).

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