

Models of Control in Italian Capitalism from the Mixed Bank to Mediobanca, 1894-1993

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The primary image of Italian capitalism at the end of the twentieth century is undoubtedly that of family-based capitalism. Both the economic literature on this topic and the most authoritative journalistic observers seem to agree on this description [Pavan, 1976; Barca, 1994; Cingolani, 1990; Piore and Sabel, 1984; "A Survey of Italy," 1993; Ball, 1997]. There is also wide consensus that the financial equilibrium of Italian capitalism and of the great families that control it essentially derives from the central role that a merchant bank, Mediobanca, has assumed over the last two to three decades. Mediobanca's financial links with the principal banks of the country (now private) and the leading industrial groups have given it the central position in what has been called the "Galaxy of the North" [Barca, 1994; Turani; De Cecco and Ferri, 1996; Bruno and Segreto, 1996].

But certain other questions remain that have less clear answers. For example, how did this situation evolve? Why does Italian capitalism need a center of gravity? Has it always needed such a component? In comparison with other models of European capitalism such as France, Germany, or Britain with similar economic, geographic, and demographic dimensions, does Italy really have such a different profile?

Italy is a country that arrived late for its appointment with industrialization. As in similar cases, the nation has made an enormous effort to overcome this delay by seeking the support of two classic compensating institutions: the mixed bank and the state [Gershenkron, 1962; Romeo; Castronovo, 1995; Zamagni, 1990; Federico, 1996]. Italian enterprise and entrepreneurs have developed in the shadow of these two institutions, which have long decided their successes and failures.

The birth of the mixed bank coincided with the imposition of protectionist tariffs in the last two decades of the nineteenth century.² The first

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² The protectionist tariff was introduced for the first time in 1878, but was perfected and generalized in 1887, an authentic milestone in the history of Italian business policy. The mixed banks were founded in 1894 (Banca Commerciale Italiana) and 1895 (Credito Italiano) with controlling contributions of German, Swiss, and Austrian capital [Confalonieri, 1975-76; Hertner, 1984].

long phase of growth in the Italian economy (recently termed the “real economic miracle,” as opposed to the more famous Italian economic miracle that took place between the end of the 1950s and the first half of the 1960s [Mori, 1992, pp. 51-79]) began at the end of the nineteenth century and ended with the First World War, coinciding with a long period of expansion in the international economy [Landes, 1969, pp. 231-358; Foreman-Peck, 1983, pp. 90-174]. During this phase, the two most important mixed banks, the Banca Commerciale and the Credito Italiano, succeeded in creating a network of intertwined shareholdings among which the two institutions were still the main focus. Nearly all of the largest industrial enterprises of that time had financial links with one or the other of the mixed banks, or even with both. To maintain this vertical control over the enterprises they had financed the banks used trustees, official representatives of the banks who sat on boards of administration and auditing boards of the joint-stock companies, or fiduciaries who sometimes held even the highest positions such as president, vice-president, or managing director [Confalonieri, 1975-76 and 1982; Pino, 1991]. There was very little horizontal integration between enterprises in the same or contiguous sectors, though there were vertical connections that joined industrial enterprises with their subsidiaries. After a brief burst of enthusiasm during the first years of the century [Aleotti, 1989; Baja Curioni, 1995], the limited importance of the stock market as a financial instrument reduced to a minimum the need for instruments to control ownership structure, and there were virtually no opportunities for hostile takeovers. In these circumstances, the mixed bank was a guarantor that was feared and respected by all economic and financial players.

The period between the First World War and the beginning of the 1930s presented a much more diversified panorama. Industrial development during the war allowed many groups to increase their financial autonomy from the mixed banks. The attempts by FIAT and Ansaldo to climb to a majority stake in the banks between 1918 and 1920, even though unsuccessful, provided the most evident demonstration that the traditional relationship between the banks and industry had begun to deteriorate [Zamagni, 1990, pp. 290-300; Castronovo, 1995, pp. 221-25; Mori, 1975; Confalonieri, 1994, pp. 47-85; Segreto, 1997].

In an effort to offset the disintegration of the control structure that had been created before the First World War, the mixed banks had to transform themselves in part into holding banks, thus reinforcing their direct control over the enterprises still under their influence by acquiring more massive shareholdings. This tactic lay at the origin of the cash-flow difficulties the banks had after 1929, which led to the ultimate crisis in the early 1930s [Zamagni, 1990, pp. 343-81; Toniolo, 1994, pp. 57-71; Confalonieri, 1995; Battilossi, 1994].

Before then, however, two new models of industrial and financial control and coordination had begun to emerge as alternatives to the mixed banks, although much of their power still derived from the existence of the mixed banks.

The first model took shape in the first half of the 1920s to guarantee the ownership structure of Edison, the leading Italian electrical energy enterprise.

Financially connected to the Banca Commerciale until 1918, when it freed itself without falling under the influence of any other bank, Edison had enormous financial liquidity. In the early 1920s, a group of Edison's major shareholders, who were also among the important shareholders of Credito Italiano (Pirelli, Orlando, and Feltrinelli), not only formed a syndicate to control Edison, but also began to move as a group in Italian financial circles, with interests in rubber and cables (Pirelli), copper metallurgy and shipbuilding (Orlando), and the timber trade and banking (Feltrinelli). Its significant shares of Credito Italiano also made the group a direct player in the banking world. Their combined shares in their various enterprises constituted an operational instrument used to consolidate friendships and common strategies. Two of these groups, Orlando and Pirelli, are today still strongly united by a financial bond, illustrating the importance of the choices made over seventy years ago [Segreto, 1993, pp. 115-36].

The second model that arose during the 1920s was formed by the Southern Railway Company, better known as Bastogi (the name of its founder). After 1905, following the nationalization of the railway system of which it was one of the main owners, Bastogi had to reinvent its future. The company invested the compensation paid by the state for the nationalization of facilities and rolling stock primarily in the electrical energy sector – in those years, the most dynamic and with the most potential for growth. The Banca Commerciale, one of the company's shareholders, determined this orientation, firmly pushing in that direction and once again demonstrating its capacity to guide the strategic choices of Italian industrial and financial capitalism in its strongest phase of industrialization [Confalonieri, 1982, pp. 271-99; Segreto, 1993, pp. 300-306].

Between the wars and in the early postwar period, Bastogi was the center of attention of industrialists seeking a financial boost for their companies (Piluso, 1991). Not without difficulties, it survived this delicate phase and was managed through an agreement among the leading Italian banks (Banca Commerciale, Credito Italiano, Banco di Roma, and Banca Nazionale di Credito). The dynamics of the ownership structure in the electrical energy sector gave Bastogi a decisive role. Its portfolio included small holdings in several electrical energy companies that nonetheless allowed it to compete for the majority and thus for management control in these enterprises. The worth of Bastogi was therefore not based on the importance of the individual blocks of shares that it controlled, but rather on its strategic power in coalitions.

Between 1925 and 1933 the agreement among the major banks for managing Bastogi was guaranteed even by the Bank of Italy and, informally, by the government. Members of the government saw to it that the new president of Bastogi, Alberto Beneduce (a technocrat who had been close to the radical-socialist wing of the Liberals), was both the guarantor and the undisputed head of the company [Piluso, 1992; Segreto, 1993, pp. 110-15].

The structure of Italian capitalism was profoundly altered by the crisis of 1929 and the end of the mixed banks. A new and very powerful economic player entered the scene: the state. In 1933, the Institute for Industrial

Reconstruction (IRI) was established, taking control of all the principal banks of the country and the companies they controlled. An enormous slice of the Italian economy was now in the hands of the state: 40 percent of the authorized capital of Italian industrial joint-stock companies, the essential control over steel and iron production, heavy machinery, shipbuilding, and an important share of the electrical energy sector in the northwest and south of the country [Saraceno, 1975; Cianci, 1977; Amatori, 1996].

Some of the enterprises that IRI had taken control of in 1933, including Edison and Bastogi, were returned to the private sector. In fact, it was the return of the old shareholders of Bastogi that represented an occasion for defining a third model of control and coordination of ownership structures, this time not only for a group or a sector, but for the whole economy. Between 1938 and 1939 a controlling syndicate for Bastogi was formed that included nearly all of the "nobility" of private Italian capitalism (FIAT, Pirelli, Orlando, Edison, the two largest insurance companies, Generali e RAS, the SADE group owned by Count Volpi, and the Feltrinelli group), in addition to IRI (represented by Alberto Beneduce, who maintained the position of president of Bastogi), some other enterprises and public banks, and the Istituto per le Opere Religiose, which handled the financial affairs of the Vatican.

Thus on the eve of the Second World War, the "financial salon" of Italian capitalism, as it was termed in colorful journalistic prose, was constituted. The group constituted a sort of privileged meeting place of industrialists and financiers – an exclusive club that invited in only those with a pre-eminent position in the economic and financial balance of the country [Piluso, 1992, 375-80; Segreto, 1993, pp.158-61]. But it was a center of power merely for the management of existing situations and equilibria, thus leading to a sort of fossilization. The idea of a driving engine for economic and industrial development, as represented by the mixed bank in the first three decades of the century, had disappeared. The entrance on the economic scene of such a pervasive state presence (and a dictatorial state in that era), even if accommodating to private interests, had a soporific effect on private industrial capitalism, which had been guided for many decades by the mixed banks. When they disappeared, the private sector lost its bearings.

Nevertheless, the Bastogi model worked rather well until the 1950s, when it began to show the first cracks. The shifts in internal balance that occurred in the first half of the 1950s with the exit of IRI and the entrance of the largest chemical enterprise, Montecatini, and the Italian leader in cement, Italcementi, owned by Carlo Pesenti, were not responsible for this turn of events.³ The beginning of Bastogi's decline must be traced to the growing deficiency in entrepreneurial ability shown by the company's management, who were unable to propose new, persuasive, or profitable strategies [Piluso, 1992, pp. 386-91]. The Bastogi model had few chances of playing an important role

³ The exit of IRI was partly counterbalanced by the nomination of the governor of the Bank of Italy as syndicate guarantor among the largest shareholders of the company [Piluso, 1992, p. 2].

in the newly dynamic equilibrium of Italian capitalism for several other reasons: the rapid transformation of the Italian economy in the 1950s, the strategies of expansion and diversification in the investments of many large industrial groups often in conflict among themselves (for example, between Montecatini and Edison in the electrical energy sector and between those two and ENI, a holding company in the oil sector), and the decision of many groups who were shareholders of Bastogi to establish their own financial holding companies [Ragozzino, 1969; Battilossi, 1992; Mori, 1995].

The general equilibrium between public and private defined in the 1930s was profoundly shaken by the nationalization of the electrical energy industry in the early 1960s. Mainly a political trade-off for the entrance of the Socialist party into the government, this decision had enormous repercussions on the structure of capitalism and the largest private industrial groups [Mori, 1989; Carli, 1993, pp. 269-70; Bruno and Segreto, pp. 499-507].

The nationalization of the electrical energy industry, together with the so-called opening to the Left, created panic in the world of private industry. Unjustified fears of nationalizations in other sectors and problems in the stock market caused by the disappearance of about twenty listed securities (one-seventh of the total list), aroused the more conservative wing of Italian private enterprise. Their negative reaction contributed to the failure of the first reforms proposed by the new center-left government and, most important, forestalled the economic planning that had been at the very core of the nationalization of the electrical energy industry [Baldini, 1995-96; Balletta, 1996, pp. 11-60].

The crisis of the Bastogi "model," which had appeared less serious in the 1950s, became very apparent in the 1960s. The management deficiencies demonstrated by Bastogi was not an isolated phenomenon. The electrical energy industrialists, accustomed to decades of the easy advantages of oligopoly and the assured income of electricity bills, were unprepared for the challenges of this new phase. The decision (imposed by the Bank of Italy) to use the same nationalization procedures that had been used with the railways in 1905, with compensation paid to the companies and not to the shareholders (as France had done in 1946) [Maleville, 1996, pp. 35-45], was designed to avoid dispersing into thousands of small streams the billions of lire that the new electrical authority ENEL had to pay to the former owners of the electricity plants. But the nationalization of the railways in 1905 had been carried out in the presence of the mixed banks, which no longer existed in the early 1960s. In the absence of an authoritative financial center of private capitalism that was able to identify precisely the sectors for new investment and to assess the risks and prospects in the context of the country's economic development over the next ten to twenty years, the Italian economic system paid a heavy price. Many bad investments were made that rapidly squandered part of the enormous sums, which the former electricity companies might have utilized more efficiently [Carli, 1993, pp. 297-300; Bruno and Segreto, 1996, pp. 511-15].

The nationalization of the electrical energy sector, along with the dynamism of public enterprises in the 1960s, bolstered by the possibility of state-guaranteed expenditure, contributed to the creation of an atmosphere of

“encirclement” in the world of private industry. The public sector continued to own most iron and steel works, shipbuilding, shipping, and heavy machinery plants, and now controlled most of the electrical energy sector – ENEL in electricity and ENI in gas (also one of the largest oil refiners) – and the entire telecommunications arena. (Beginning in 1958, STET, founded in 1934, assumed control of the last private company, Teti, which previously had been in the hands of the Orlando-Pirelli group.) Private industry found a solution in the merger of two of the largest enterprises in the country, Montecatini and Edison. Montecatini-Edison was founded in 1966 and, after a few years, took on the name that it is known by today, Montedison [Marchi and Marchionatti, 1992, pp. 25-38; Bruno and Segreto, 1996, pp. 511-15].

This complex transaction, which also involved other former electricity companies, which had become empty shells on the industrial level, but were cash-rich from state compensation, was carried out by Mediobanca, a merchant bank that had been founded exactly twenty years earlier by the three largest banks – the former mixed banks (Banca Commerciale, Credito Italiano, and Banco di Roma) [Colajanni, pp. 35-40; Battilossi, 1991, pp. 642-46; Tamburini, 1992, pp. 30-35; Galli, 1995, pp. 60-62].

Throughout the 1950s, Mediobanca had functioned as a financial instrument of the three banks that had created it, providing medium-term credit and assisting in the formation of underwriting syndicates (shares and debentures) issued by the large private industrial groups. Between 1948 and 1963, the capital raised by Mediobanca through the preferential channel of the three founding banks increased sixty-fold, while financing grew forty-fold. This record established an objective basis for Mediobanca’s role beginning in the early 1960s as an active player and no longer only a simple bank for medium-term credit [Tamburini, 1992, p. 305]. In 1958, a decision was made that had an important impact on the characteristics and future strategies of Mediobanca. An agreement was reached for the formation of a secret syndicate (IRI was officially informed only in the mid-1980s) composed of public and private shareholders (the three founding banks, the Lazard merchant banks of New York and London, Lehman Brothers, the Belgium investment trust Sofina, the Berliner Handelgesellschaft, and Pirelli) who would control the company through a managing committee made up of an equal number of private and public shareholders, although the holdings of state banks accounted for more than half of Mediobanca’s capital [Tamburini, 1992, p. 41; Battilossi, 1991, pp. 646-47].

During the 1960s, Mediobanca progressively began to detach itself from the three banks that had founded it, acquiring greater autonomy. At the same time, it was able to enlarge the range of financial services offered to enterprises (for example, convertible bonded loans, issued also on international markets, for Pirelli and Montecatini) that gradually transformed it into a natural point of reference for the non-electrical industrial groups of the country [Colajanni, pp. 41-92; Battilossi, 1991, pp. 647-51].

The crisis of Bastogi and the absence of other credible organizations able to take charge in the period following the nationalization of the electrical

energy sector gave Mediobanca the opportunity to transform itself into the principal financial center of Italian private capitalism. The merger between Montecatini and Edison left many unsettled issues in the management of the new chemical colossus, however, and did not resolve the underlying problems of the Italian chemical industry. Above all, it once again pointed out the serious managerial deficiencies in the new group of company executives.

This situation continued until, between 1968 and 1969, the Montedison project, the last refuge of Italian private capitalism, also fell apart. IRI and ENI carried out a rapid and effective operation to buy up enough shares to put ENI in position to assume control over Montedison. In the wake of this activity, a syndicate was formed to control Montedison in which public and private interests were represented in equal parts (49 percent each), with the remaining decisive 2 percent in the hands of Mediobanca [Marchi and Marchionatti, 1992, pp. 48-56; Tamburini, 1992, pp. 169-74].

The intervention of Mediobanca in the Montedison affair clearly marked the official sanction of the new role of this very special merchant bank (formally public, but controlled and managed by private interests). Yet its transformation from mere financial director to an organization that was active in industrial politics, especially in the chemical field, led to a sort of curse that still follows Mediobanca today, since it has remained unable to resolve the problems of the Italian chemical industry.

Once Bastogi had definitively left the scene, after unsuccessful attempts to revive it in the early 1970s,⁴ Mediobanca easily imposed itself as a new model, the fourth for the coordination and stabilization of ownership structure in the history of Italian capitalism. However, its role as a promoter of growth was extremely limited – indeed, practically non-existent. The economic crisis of the 1970s caused a deep recession in the most important Italian industrial groups [Bruno and Segreto, 1996, pp. 530-37], which also partly explains the impossibility of reviving Bastogi, or any financial holding company that united only some of the country's largest industrial groups without the protection of any other organization.⁵

The burden of financial charges threatened many enterprises with insolvency. The governor of the Bank of Italy, Guido Carli, therefore proposed the transformation of part of the debt into bank holdings of company capital. The proposal was provocative and disturbing, because the banking law of 1936

⁴ In 1971 the company was the object of the first takeover in Italian history by a banker, Michele Sindona, who then was found to have connections with the American mafia. The intervention of the governor and the Bank of Italy led to the deal's falling through, thus permitting Bastogi to pass under the control of Montedison. Once again, the director of the operation was Mediobanca [Scafari-Turani, 1974, pp. 285-95; Tamburini, 1992, pp. 237-67; Galli, 1995, pp. 121-24].

⁵ In 1973 the investment trust Euromobiliare was founded, with the Agnelli and Pirelli families and Carlo De Benedetti, at that time not yet president of Olivetti, as partners. The company was not able to find any deals that were important enough to convince the major shareholders to continue to invest. A few years after the exit of the three most important shareholders, Euromobiliare was taken over by the Midland Bank [Bruno-Segreto, 1996, p. 618].

prohibited this type of relationship. It would have been like a return to the 1920s, the only difference being that now the banks belonged to IRI. The solution was once again proposed by Mediobanca: rescue banking trusts, which Mediobanca's president, Enrico Cuccia, considered "a less dangerous system because it puts a screen between enterprise and the banking system" [Tamburini, 1992, p. 307].

The relative unimportance of the stock market continued to guarantee Mediobanca nearly absolute power and gave decisive weight to its proposals. Italian enterprises' lack of interest in the stock market resulted from a variety of factors. The most significant of these was related to the fiscal system, which on the one hand penalized stocks as compared to state securities, and on the other offered businesses several reasons to prefer borrowing from banks over using the stock market to raise capital [Ciocca, 1991, p. 119-35]. It is evident that an economic system with such characteristics is essentially controlled by the banking world. Its main interest is to have a guarantee of the credit necessary for economic activity. With a trusted central player like Mediobanca, many financial problems, which sometimes also involved the ownership structure of enterprises, could be resolved without excessive publicity. There was a very low level of transparency in this system, certainly much less than in other economic systems of comparable size. Everything was resolved in the privacy of Mediobanca's offices, far from prying eyes or intrusive questions.

The stock market boom of the 1980s brought the Italian Stock Exchange an enormous amount of capital, from both Italian savers and foreign investors. The 1984 law on investment trusts was undoubtedly one of the factors that favored the clamorous reawakening of the Italian Stock Exchange⁶: as a well-known economic journalist wrote, "other people's money had arrived" [Turani, 1989].

During this period, Mediobanca became widely recognized as an authentic *deus ex machina* of Italian capitalism, capable of resolving even the most complicated problems of finance and ownership structure. The euphoria of the stock market contributed to the consolidation of this image. Once again, as in the 1960s, it was the chemical industry that underwent great financial maneuvering. In 1981, Mediobanca guided Montedison back into private hands. The new controlling syndicate was to be composed of FIAT, Pirelli, Orlando, Bi-Invest (the Bonomi family), and Mediobanca itself. The point of contact of these new shareholders was the financial institution Gemina (a sort of "Bastogi of the eighties"), a "financial salon" set up by FIAT and to which only partners selected by FIAT or Mediobanca had access. Unlike the Bastogi of the past, however, Gemina shone not from its own light, but from that reflected by Mediobanca and, to a lesser extent, by FIAT.

The stock market incursions of the president of Montedison, Mario Schimberni, whom Mediobanca, paradoxically, had wanted in that position, and

⁶ The number of companies quoted on the stock market increased from 134 in 1980 to 211 in 1988, while the listed securities rose in the same period from 165 to 318 [Marchesi, 1989, p. 4].

who at a certain point became “his own boss,”⁶ forced the merchant bank to intervene once again in the soap opera of the Italian chemical industry. Once again, its actions were not oriented toward solving the many problems of industrial policy that this sector had been dragging around since the postwar period and that had become gigantic in the 1970s as a result of a relaxed policy of public financing for chemical enterprises in economically depressed areas [Castronovo, 1995, pp. 322-24; Bruno and Segreto, 1996, pp. 683-84]. Rather, only the ownership structure held any interest for Mediobanca, and its solution was to find a single owner rather than even a very small coalition. The new leader of the Italian private chemical industry became the agroindustrial group Ferruzzi, world leader in the trade of oil seed and cereals.

Within a few years another and more direct intervention became necessary. Failing in the attempt to unite the Italian chemical industry into one company, half of ENI and half of Montedison (Enimont), and now aware of the real dimensions of the indebtedness of the Ferruzzi group, beginning in 1993 Mediobanca had to transform itself into something that it had never been before: the pivotal shareholder of an industrial group for which it was also the leader and guarantor of a rescue banking trust [Bruno and Segreto, 1996, pp. 637-40].

In the 1990s, the slackening of the Italian stock market and the limited number of credible agencies on the industrial and financial levels have pushed Mediobanca in the same direction as the mixed banks that had been transformed into holding banks in the 1920s. Fifty years after its birth, are we now in the last act of the history of Mediobanca? This is certainly what many observers, including the most authoritative, are currently saying [Turani, 1996; *The Economist*, 1997; Muchetti, 1997].

Before attempting to answer this question, it is necessary to consider further the “Mediobanca model.” Until the 1990s, it had appeared completely different from all the previous models: it was an enormous thinking head, without the encumbrance of bank counters or partners whose opinions had to be taken into account, at the disposal of Italian capitalism (considered by Mediobanca itself to be incapable of solving its own problems of ownership structure or of financial or organizational matters). To become a partner of Mediobanca meant – and still means – being publicly recognized as a member of the elite of Italian capitalism. At the same time, to have Mediobanca among one’s own shareholders was – and still is – the best evidence of the existence of a privileged channel for the solution of any financial problem; it means being under the “protective wing” of Italian capitalism. In the “financial salon” of Italian capitalism, one enters only by direct invitation from the master of the

⁷ In 1985 Schimberni took control of Bi-Invest, shareholder of Montedison, with a portfolio that included, among others, large holdings in the third Italian insurance company Fondiaria and over 17 percent of Gemina itself, which held 17 percent of Montedison [Marchi and Marchionatti, 1992, pp. 239-41].

house and according to plans that are often inscrutable to most observers and sometimes to the directly interested parties as well.⁷

Mediobanca was the undisputed, if somewhat controversial, protagonist in the most important privatization operations in Italy in the early 1990s, those of the Banca Commerciale and Credito Italiano, leaving the impression that Italian financial capitalism in fact revolved around Mediobanca. According to some not exactly impartial commentators [Siglienti, 1996],⁸ this situation confirms the impossibility of achieving a degree of transparency in the Italian market comparable to that in other European countries. A less pessimistic view of the Italian situation might be inferred from similar elements in the French economy, where the scene is dominated by stock market intrigues between some of the large industrial and financial groups, characterized by the presence of a tough "inner core" of shareholders. There is, however, a profound difference: the absence of a French player to interpret the role of Mediobanca, although Paribas might have some of the characteristics needed to play the part well.

What appears unique in the Italian situation are the higher concentration of capital with respect to other countries of the OECD, because of the predominant role of vertically integrated groups [OECD, 1995; Bragantini, 1996], and the comparatively much more important role of small and medium enterprises [Saba, 1995]. These two elements lead to the conclusion that, more than being absolutely different, the "Italian model" represents a convergence under a unitary framework of the many differences that more or less characterize all the countries based on the "western model." If the "convergence" of the Italian economic system is therefore greater than it may seem at first glance, when the moment comes to award badges of merit, perhaps Mediobanca cannot be excluded out of hand.

The privatization of the two largest state banks (Credito Italiano and Banca Commerciale) and the return of a type of universal bank made possible by the new banking law of 1993 constitute the major innovations of the 1990s. The questions posed by these new actions involve the future of Italian capitalism in the prospect of European integration and the future of Mediobanca as well. A positive use of the so-called "external constraint" (the conditions posed by European political and economic institutions, especially on legislation) has introduced in Italy new rules of the game that are more similar to those normally used by the economic players in other industrialized countries [Cassese, 1995; Quadrio Curzio, 1996; Cavazzuti, 1996; Turani, 1997].

There are clear signs that the future of Italian capitalism might have some surprising turns. One of these could be a downsizing of the role of

⁸ Today the shareholders of Mediobanca include FIAT, Cir (owned by De Benedetti), Pirelli, Italmobiliare (owned by Pesenti), the insurance company SAI (owned by Ligresti), the Pecci group, the Marzotto group, Officine Meccaniche Cerruti, the Ferrero group, and Stefanel (Mediobanca, 1996).

⁹ Siglienti, first managing director and then president of Banca Commerciale, was ousted at the shareholders' meeting after privatization in 1994.

Mediobanca,⁹ not so much as the guarantor of the general equilibrium of private Italian capitalism, but more as the privileged provider of sophisticated financial services to large enterprises. The assertive presence of competitors in this field, both Italian and especially foreign ["Investment banking, l'Italia non c'è," 1997], has been hailed as a positive event by almost all economic players. The end of the "aristocratic solitude" of Mediobanca [Andreatta, 1984, p. 210] and the return of the mixed bank to the Italian economic scene therefore represent an occasion to reconsider the role and perhaps the very presence of Mediobanca in Italian capitalism in the twenty-first century. The hypothesis that emerged in financial circles of a "homecoming" of Mediobanca (that is, a merger between Banca Commerciale and Mediobanca), as interesting as it was, was quickly refuted [Turani, 1997; Gambarotta, 1997]. Many observers have related the possible end of Mediobanca to the life course of its ninety-year-old honorary president, Enrico Cuccia. Certainly, if Mediobanca were to be absorbed and controlled by a large mixed bank, the clock would be turned back by more than seventy years. On the other hand, such an operation could also transform Mediobanca into a player that also moves according to the logic of industrial development, and no longer only in the realm of financial engineering and ownership structure.

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¹⁰ This is the interpretation of the increasing use of other investment trusts as advisors in the process of privatization ["The Cardinals lose their grip," 1997], and the decision of Ifil, the investment trust of the FIAT group, to enter into the tough "inner core" of the Istituto San Paolo of Turin [Tropea, 1997; Ravenna, 1997; Mucchetti, 1997], one of the major Italian banks, considered until very recently the head of the antagonists of the "galaxy" based on Mediobanca [Bruno and Segreto, 1996, pp. 653-54].

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