



# European Review of History: Revue européenne d'histoire

ISSN: 1350-7486 (Print) 1469-8293 (Online) Journal homepage: <https://www.tandfonline.com/loi/cerh20>

## Stabilization through integration: the European rescue of Italian capitalism

Francesco Petrini

To cite this article: Francesco Petrini (2019) Stabilization through integration: the European rescue of Italian capitalism, European Review of History: Revue européenne d'histoire, 26:4, 573-599, DOI: [10.1080/13507486.2019.1610362](https://doi.org/10.1080/13507486.2019.1610362)

To link to this article: <https://doi.org/10.1080/13507486.2019.1610362>



Published online: 23 Jul 2019.



Submit your article to this journal [↗](#)



View Crossmark data [↗](#)



## Stabilization through integration: the European rescue of Italian capitalism

Francesco Petrini

University of Padua, Department of Political Science, Law and International Studies, Padua, Italy

### ABSTRACT

Since its origins European integration has been closely connected to the social tensions that capitalism generates. During the inter-war years, one of the main rationales behind the push to deeper European economic integration was the search for increased prosperity as a means to prevent class conflict. After the economic collapse of the 1930s and the Second World War, the European Communities were an essential part of a larger effort towards the restoration of capitalism's legitimacy and hierarchies. Since the end of the 1970s, following the crisis of the post-Second World War regime, the stabilizing role of European integration assumed new modes. Italy, as a weak link in the chain of capitalist development, showed in advance and with the utmost clarity how this new role worked. In two crucial passages of the post-1945 country's history, when workers' unrest strongly challenged the existing capitalist hierarchies, European governance played a crucial role in their restoration. Both in the early 1960s and in the late 1970s the European '*vincolo esterno*' (external constraint) decisively helped the affirmation of the domestic deflationary forces.

### ARTICLE HISTORY

Received 12 June 2018  
Accepted 18 April 2019

### KEYWORDS

Italy; European monetary integration; stabilization; crisis of the 1970s; social conflict; European integration history; capitalism

In 1939, Max Horkheimer wrote in 'The Jews and Europe' that 'whoever is not willing to talk about capitalism should also keep quiet about fascism.'<sup>1</sup> *Mutatis mutandis*, the same can be said for capitalism and European integration. One cannot fully understand the origins and the development of European integration without connecting that story with the workings of the capitalist system. The competitive pressures and the social tensions that capitalism generates are interwoven with the course of European integration. It is not always easy to grasp this connection, especially because current public discourse hides it underneath thick layers of ideological fog. The historiography on European integration has long revolved around the question of who drives integration: national, supranational or transnational actors? Questions of historical materialism, as noted in the Introduction to this issue, have been always marginal in its agenda, and recent methodological and analytical developments have only exacerbated this marginalization.

The underlying thesis of this article is that European integration has been, not solely but mainly, a response to the dynamics unleashed by capitalist development and an instrument of stabilization in a 'Maierian' sense. The American historian Charles Maier,

in his seminal 1981 article ‘The Two Postwar Eras’, uses that term in the precise meaning of the restoration of capitalist hierarchies after a period of social turmoil. In his words: ‘Stabilization [...] for whom? And of what? Stabilization meant not so much preserving liberal procedures as re-establishing the overlapping hierarchies of power, wealth, and status that can be loosely termed “capitalist”.’<sup>2</sup>

The first section of this article will sketch out how stabilization has always been intertwined with the history of European integration. With this in mind, we will consider the European response to the crisis of the so-called ‘Golden Age’, with special attention paid to the role of European integration as a stabilizing factor for Italian capitalist relations in the 1960s and the 1970s.

### **Social conflict at the roots of European integration**

The origins of European integration are closely linked to capitalist competition.<sup>3</sup> At the beginning of the twentieth century many European observers had a clear perception of the importance of the huge internal market as the foundation of the United States’ ascent as the world’s most dynamic economy.<sup>4</sup> Consequently, one of the main themes – maybe *the* main theme – of the early debates on European unity during the interwar years was the need for integration to halt the decline of the Old World and to respond to the American challenge.<sup>5</sup> The highest expression of Europeanism in those years, the Briand-Stresemann proposal, was, at least in part, connected to the twisted relationships among the major capitalist centres. As Stresemann declared to the Reichstag in June 1929,<sup>6</sup> Europe was becoming ‘a colony of those who have been more fortunate than us’; ‘a time will come in which French, German and perhaps other European economies must seek a common way to maintain themselves in face of a competition to which they are not equal.’<sup>7</sup>

Even the most concrete example of European unification realized before the 1950s, the Nazi empire, had roots, partly, in Hitler’s perception of the danger that US economic supremacy posed to Germany’s survival as an independent entity. In Hitler’s eyes, the huge internal market was crucial to the United States’ economic power. As he wrote in his 1928 *Second Book*, it was ‘the size of the internal American market and its wealth of buying power’ that enabled the American motor vehicle industry to adopt ‘production methods that would simply be impossible in Europe due to the lack of internal sales opportunities’.<sup>8</sup> As remarked by Adam Tooze: ‘Fordism, in other words, required Lebensraum.’<sup>9</sup> From this perspective, the uniting of Europe under Nazi rule was seen as a condition of survival in the global capitalist competition.

Yet the connection between the American challenge and the push towards European unification had another facet, less noted in the literature on the early debates on European unity. From the other side of the Atlantic, the wealth and dynamism of the US economy was seen not only as a threat, but also as a model of social stabilization, a highly effective counter to the danger of socialist revolution. To European social reformists, the prosperity the American economy guaranteed to workers appeared a key element in preventing the spread of revolutionary tendencies. At the beginning of the twentieth century, Werner Sombart wondered why there was no socialism in the US. He pithily summed up his answer thus: ‘All socialist utopias came to nothing on roast-beef and apple pie.’<sup>10</sup> Though Sombart’s analysis only partially grasped the reality

of class relations in the US, it certainly touched on one important aspect. In fact, as Maier has argued, class relations in US society since the Progressive Era brought the consolidation of a set of ideas – which he defined as the ‘politics of productivity’, stressing that:

By enhancing productive efficiency, whether through scientific management, business planning, industrial cooperation, or corporatist groupings, American society could transcend the class conflicts that arose from scarcity. The coinage of politics – power and coercion – was minted only in the kingdom of material necessity and would have no function in the realm of abundance.<sup>11</sup>

To put it roughly, it was the idea of enlarging the pie to make everyone richer in absolute terms, without changing the relative distribution of the slices. In other terms, economic growth became a surrogate of wealth redistribution. In Maier’s words this was ‘[t]he great conservative idea of the last generation’.<sup>12</sup>

The advent of this ‘realm of abundance’ and pacified class relations appeared impossible to achieve in a Europe fragmented into protected national markets. As John Foster Dulles (then US representative at the United Nations) said in January 1948, ‘a healthy Europe’ could not be ‘divided into small compartments’. It had to be organized into an integrated market ‘big enough to justify modern methods of cheap production for mass consumption’.<sup>13</sup> Since the interwar period, a key underlying theme of the push towards greater European unity was the necessity to build a sufficiently large market to allow the transfer in the Old World of the American system of mass production and mass consumption.<sup>14</sup> In other terms, prosperity, as the solution to class conflict, required European unity. Tellingly, a founding figure of Europeanism, Richard von Coudenhove-Kalergi, dealt at length in his earlier works on the relationships among class conflict, technological progress, economic growth and economic integration.<sup>15</sup> To take another example, the movement *Redressement Français*, founded by the technocrat Ernest Mercier in 1925 to advocate the adoption of the American economic model, strongly supported deeper trade integration among European countries.<sup>16</sup>

In fact, productivism could be fully deployed in Europe, as the main pillar of American hegemony, only with the launch of the Marshall Plan. After 15 years of economic disarray, mass unemployment and war, the politics of productivity permitted the restoration of the legitimacy of the capitalist system in the US and Europe. After 1945, the crux of the matter for the Western European governments was to prevent a repetition of their abysmal performances of the preceding years and to provide jobs for the people. The price of failure would be the scrapping of capitalism. In this context, European integration played exactly the role that reformist trade unionists and politicians had imagined 20 years earlier. By implementing a programme of controlled trade liberalization and of the Europeanization of the protection of the agricultural sector, the EEC favoured the realization of the various ‘economic miracles’ which, in turn, allowed the pursuit of full employment and provided the resources necessary for the institution of national systems of social protection. As argued in Milward’s *The European Rescue of the Nation State*, European integration after 1945 represented an ‘external buttress to the welfare State’.<sup>17</sup> But, much more than rescuing the nation-state from an improbable extinction, the success of the Community, with the explosion of intra-European trade, contributed to consolidating and re-legitimizing capitalism in societies that in the

immediate post-war years appeared on the verge of social revolution.<sup>18</sup> In other words, European integration after the turmoil of the 1930s and 1940s was an essential part of a larger effort of stabilization, that is, of restoration of the capitalist hierarchies. This effort assumed at the global level the form of the 'embedded liberalism' of the Bretton Woods architecture<sup>19</sup>, and at the regional level that of a European Community whose paramount objectives were economic growth and the creation of jobs. It was not a 'Labour friendly' Community, but it was the awe that the power of Labour instilled in the ruling elites and, even more than that, capitalism's near-death experience of the 1930s, that moulded that Community's form and action.

### **The end of the 'Golden Age' and European monetary integration**

The embedded liberalism of the post-war international economic order permitted a virtuous deployment of the mechanics of economic competition in the relations among advanced capitalist countries. Until the mid-1960s, competition worked as a positive sum game where the laggards exploited the capital and technologies of the leader, while the leader profited economically from the increasing prosperity of its allies as an outlet for exports and investments, as well as benefited politically from the strengthening of the bloc it hegemonized. But the very success of the system, with the economic miracles in Europe and the tumultuous rise of Japan, finally generated market saturation. Competition worsened and this resulted in a crisis of overproduction and a profit squeeze, first in the US then throughout the capitalist world. Thus, as evidenced by Robert Brenner, since 1965 uneven development – that is, the race between first comers and late comers in capitalist development – became first a zero sum and then a negative sum game.<sup>20</sup>

This was nothing new. The spectre of overaccumulation has always haunted capitalist societies.<sup>21</sup> In this regard, the crisis of the last quarter of the twentieth century presented very close similarities to the Long Depression of a hundred years before. But, as indicated by Giovanni Arrighi, apart from the horizontal conflict among the major centres of production, two other dynamics were of crucial importance in originating the crisis of the 1970s.<sup>22</sup> One, highlighted by the Vietnam War, was the rise of the Third World as an autonomous actor on the world scene, questioning US hegemony. The other was the vertical conflict between Labour and Capital. In fact, the 'Golden Age' had not been so golden for factory workers. Their jobs on the assembly lines in the Fordist plants were monotonous, often dehumanizing, and physically demanding, and they had no voice in their organization. Furthermore, the huge gains in productivity realized in the course of the boom years had been unevenly distributed between workers and employers.<sup>23</sup> At the end of the 1960s, the discontented factory workers found themselves in the position of demanding a radical revision of their working conditions. As evidenced by a conspicuous strand of literature that takes inspiration from M. Kalecki's work on the political economy of a capitalist society,<sup>24</sup> the situation of virtual or near full employment achieved in most advanced capitalist countries as a result of the protracted post-war boom had brought about an increase in the bargaining power of workers.<sup>25</sup> As predicted by Kalecki, in a regime of nearly full employment, the 'sack' had ceased 'to play its role as a disciplinary measure'; the social position of the boss was undermined;

and 'the self-assurance and class consciousness of the working class' had grown.<sup>26</sup> The wave of strikes and social conflict that wracked the major industrial centres at the end of the 1960s and in the early 1970s brought about the 'pay explosion'<sup>27</sup> and, even more importantly, a dramatic increase of workers' control over the production process.<sup>28</sup>

In this light, the 1970s can be seen as a period of radical democratization in which power and wealth came to be more evenly distributed as a result of an upsurge in social conflict. A similar process was also at work in the international field, with demands for a radical revision of global political and economic relations advanced by developing countries.<sup>29</sup>

How did the Community cope with the inter-capitalist conflict and radical democratization of the 1970s? No differently than in the past, the EC had represented a powerful instrument of stabilization since the turn of the decade. Nothing like monetary integration showed more clearly the true meaning of the Community role.

As in the past, the American challenge was one of the main drivers of European integration. In the 20 years after 1945 this challenge had assumed the benign face of a hegemon disposed to transfer capital at favourable conditions and to accept a degree of commercial and monetary discrimination in exchange for the adoption of its model of production and social regulation. In the early 1970s the hegemon's benign face was replaced by the much more conflictual image of President Nixon proclaiming the unilateral suspension of the convertibility of the dollar into gold. As the US Secretary of the Treasury John Connally announced at the G10 meeting in Rome in September 1971: 'We were generous in our years of prosperity, and now we expect to be generous in sharing our problems. That's what friendships are for.'<sup>30</sup>

The challenge posed by a weakened but still powerful America seeking to restore its economic position abroad through an aggressive devaluation of the dollar was a powerful factor in pushing the Europeans to devise some form of monetary co-operation. The 1970 Werner Plan and, in 1972, the creation of the 'Monetary Snake' (a joint floating exchange rate system amongst the EEC countries) could be read, partly, as attempts to defend the Common Market and the Common Agricultural Policy (CAP) from international monetary disorder by establishing a form of European co-operation in the face of a falling dollar.<sup>31</sup> Yet, there was another aspect of the post-Bretton Woods world that pushed towards deeper monetary co-operation in Western Europe. In the new world of floating exchange rates, the mix of *tight monetary policy – strong currency – low inflation – wage moderation – rise of productivity – real devaluation – export push*, the recipe that had been at the heart of West Germany's economic success, did not work as successfully as in the past.<sup>32</sup> Strong currency countries suffered competition from the weak currency ones, whose periodic waves of depreciation more than compensated for their huge inflation (and productivity) differential with Germany. Between 1969 and 1977 the Deutschmark appreciated in real terms (deflating the labour cost) by 80% against the US dollar; by 28% against Italian lira; by 47% against the British pound; and by 32% against the French franc.<sup>33</sup> In this framework, to conciliate the continuation of the mercantilist stance at the root of Germany's economic success with the policy of a strong Deutschmark implied a thorough restructuring of Germany's industrial base. This required the strengthening the higher value-added industries while the labour intensive productions were restructured, delocalized or quietly closed down. As

evidenced by the economist Riccardo Parboni, in the 1970s, after the dollar started to devalue, Germany found itself in an undeclared economic conflict with the US, fought particularly in the markets of the newly industrializing and oil-exporting countries, which were eager customers for the higher value-added manufacturing sectors (industrial plants and machinery, electronics, nuclear power, aerospace and military equipment).<sup>34</sup>

But it was not only competition with the US that disturbed Germany's industry. In fact, the crisis brought to the fore another kind of intercapitalist conflict among three different responses to the crisis: (1) the monetary neo-mercantilism followed by West Germany and the other countries of the Deutschmark zone; (2) the inflationary mercantilism of Italy and France; and (3) the stagflationary Keynesianism of Labourite Britain. Emerging in 1968–9, with the clash over the devaluation of the French franc and the revaluation of the Deutschmark,<sup>35</sup> the internecine EEC contrast between surplus and deficit countries was exacerbated in the 1970s by the increasingly divergent macroeconomic trajectories of the member-states facing the crisis. Held down by the strong Deutschmark and by 'orthodox' monetary and fiscal policies, the Federal Republic of Germany (FRG) experienced serious economic difficulties. Contrary to popular belief, stagnation hit the FRG harder than Italy and France, whose monetary and macroeconomic policies were much more permissive. Profit growth in the FRG's manufacturing sector remained well below that of the latter two countries, as shown in the following figures.

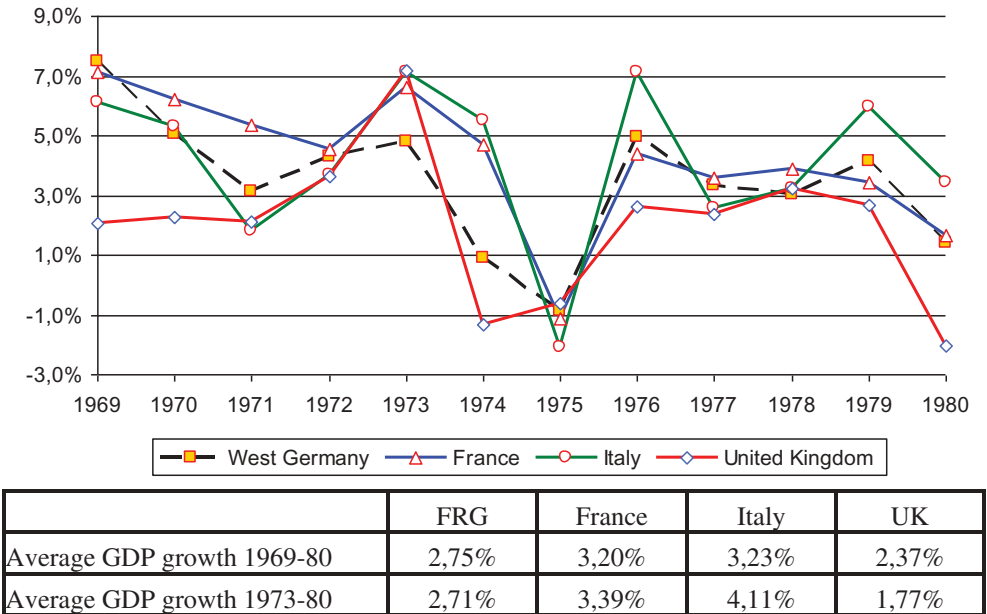
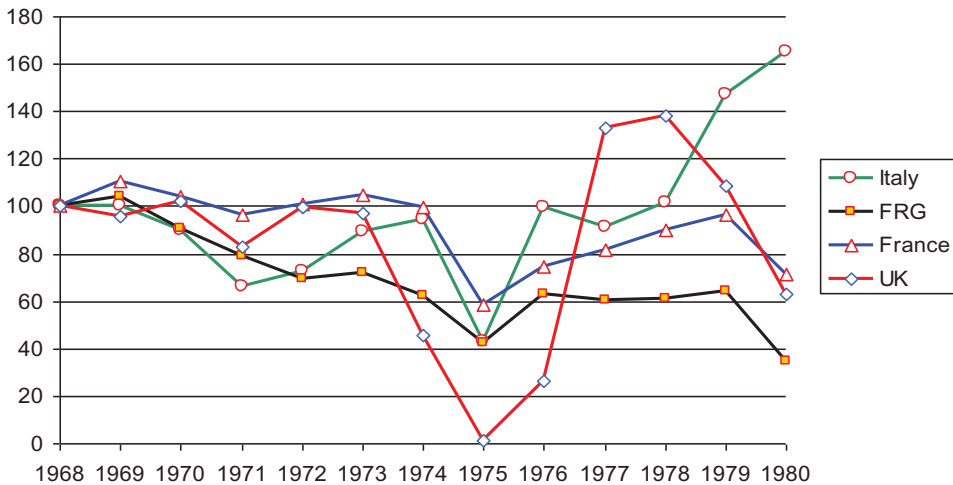


Figure 1. Gross domestic product, 1969–80 (2005 market prices).





**Figure 2.** Manufacturing net profit rate, 1968 = 100.

Source: European Commission, Economic and Financial Affairs, AMECO Database.

Germany's situation deteriorated in the second half of the decade. In the last quarter of 1977 the US dollar began a steep fall on the markets. At the same time, the Carter administration, worried about the growing imbalance of the US current account, put pressure on the German and Japanese governments to make them reflate their economies (the 'locomotive strategy').<sup>36</sup> To make things worse for German exporters, countries like Italy and Sweden were exploiting to their advantage the diverging paths of the Deutschmark and the US dollar by adopting a policy of differentiated exchange rates, losing value hugely against the Deutschmark (thus favouring their exports) while staying more stable or even appreciating against the dollar (the currency in which most of their imports were traded). Germany had to protect its flanks from this dangerous competition coming from its European partners. Considering the fact that the Deutschmark had remained stable, or had even depreciated in real terms in relation to the currencies that had maintained their membership in the Snake (the Danish Krone, the Dutch Guilder and others), it is no surprise that Chancellor Schmidt felt the urge to relaunch monetary integration in 1978. As he explained to Prime Minister Callaghan of the United Kingdom, he did not want 'to reflate the German economy, nor to print money', and he did not believe in the so called 'convoy approach' which the US administration preached.<sup>37</sup> Instead – as he told Callaghan – he was pondering an 'exotic idea': 'to create another European Snake', promptly adding, 'of a different kind'.<sup>38</sup>

Yet, as it turned out after the negotiations, the exchange rate mechanism in the European monetary system bore no substantial difference to that of its predecessor.<sup>39</sup> As in this latter system, the burden of adjustment fell entirely on the shoulders of the deficit countries, without any effective system to induce a surplus country to reflate its economy in order to contribute to restoring current account balances.<sup>40</sup> The asymmetric character of the European Monetary System (EMS) was well known at the time.<sup>41</sup> In this regard it is enlightening to read, for example, the minutes of the parliamentary debate in Italy during which an economist like Luigi Spaventa or a



prominent figure of the pro-European wing of the Communist Party like Giorgio Napolitano, clearly denounced the risks Italy ran in adhering to a system so biased in favour of the strong currency countries.<sup>42</sup>

So why did the leaders of high-inflation countries like France and Italy take part in a system which with all evidence condemned many of their fellow citizens to costly sacrifices? Essentially because adhesion to the EMS was complementary to the effort of stabilization that both countries had started with the adoption of the deflationary Barre plans (1976–7) and Pandolfi plan (1978).

### Europe as a means of stabilization: the case of Italy

As a latecomer to industrial capitalist development, Italy presented the fragilities common to all capitalist countries but in a more pronounced way. Due to this fragility, Italy's recent history has been characterized by the centrality of *vincolo esterno* (external constraint), as the ultimate guarantee of the survival of the capitalist order.<sup>43</sup> As we shall see, after the crisis of the Bretton Woods system, the European Community institutions and policies became the principal embodiment of the *vincolo esterno*.

In Italy the crisis of the post-1945 social compact manifested itself with the starkest clarity. The huge number of unemployed and underemployed was the most evident sign of the combined character of the country's development, in which islands of industrial modernity coexisted with conditions of extreme backwardness. At mid twentieth century, the main structural trait of the peninsula's economy could still be identified by the 'equilibrium of low consumption and low salaries' that had characterized its modern history.<sup>44</sup> At the same time, this backwardness represented a privilege<sup>45</sup> for the Italian capitalists, who could exploit the low cost of manpower to conquer foreign markets and massively export to the other Common Market members. The necessity to maintain the competitive advantage of a low-cost workforce led to a lopsided distribution of the huge gains of productivity realized during the boom years. Between 1951 and 1962 the share of wages on industrial production dropped from 62.7% to 48.8%.<sup>46</sup>

On this basis, the foundational feature of the crisis, the Kaleckian contradiction between the development of productive forces and the conservative bias of post-war Western democracies, emerged in Italy prematurely and with particular virulence. In 1962–3, a huge wave of strikes wracked the factories of the north-west, the industrial heartland of the country. The workers, empowered by an unprecedented situation of nearly full employment brought about by the accelerated growth of the preceding years, demanded a radical redistribution of the profit gains. An exceptional wage rise was accompanied by an inflationary burst that gave respite to capital profitability. In the first half of 1964 a harsh deflationary manoeuvre carried out by the Central Bank in the name of the stability of the lira slowed economic growth, increased unemployment and stopped the wage rise, thus restoring the prior conditions of capital accumulation based on the containment of labour costs. On a more general political level, the conservative outcome of the 1963–4 crisis marked the downsizing of the reformist ambitions of the fledgling centre-left

coalition which had brought, for the first time since 1947, the Socialist Party back to government with the Christian Democrats.

In this crucial passage of Italy's post-war history, the European Community's institutions and member-states played an important role in strengthening and legitimizing the deflationary front within the Italian political game. Within the Community, the preoccupations about an inflationary 'contagion' were widespread, especially in the FRG, which in 1961 had to re-evaluate the Deutschmark and was worrying for the afflux of capital engendered by the weakness of the Italian lira.<sup>47</sup> The French also pressed for the adoption of more orthodox monetary policies by the Italians, out of their anxiety about a possible devaluation of the lira that would put more pressure on their already unbalanced trade relations with the Peninsula.<sup>48</sup> Furthermore, France and the EEC Commission viewed the instability of the lira and the spectre of devaluation as a looming menace for the fledgling Common Agricultural Policy.<sup>49</sup>

On this basis, in February 1964 the EEC Council, composed of the finance ministers, expressed its concern about the Italian situation.<sup>50</sup> Two months later the Council recommended that Italy (and France) take all necessary monetary and fiscal measures to curb inflation. For Italy, it was explicitly stated that this objective would have to be achieved by the second half of 1964, in effect requiring a continuation of the restrictive monetary policy – even if the current account balance had improved considerably.<sup>51</sup>

The deflationary front within the Italian political game welcomed and encouraged the external intervention as it reinforced and legitimized their position. The leaders of that front, the governor of the Central Bank, Guido Carli – the architect of the Italian macroeconomic policies of the 1960s and 1970s – and Minister of the Treasury Emilio Colombo – a right-wing Christian Democrat with strong international connections – skilfully used it to press their case inside the government, while the employers' press emphasized Community grievances and used them to present the deflationary man-ouvre as part of the duties of a good member of the EEC.<sup>52</sup>

On 20 May, Prime Minister Aldo Moro received a letter from the president of the Commission, Walter Hallstein, stating that the measures taken so far by the government were 'insufficient' to avoid jeopardizing the construction of the Common Market.<sup>53</sup> Hallstein suggested measures that ranged from cuts in public expenditures and investment (sounding a death knell for the reformist ambitions of the centre-left government), to raising taxes, and ultimately a suggestion to institute an income policy to control wage dynamics. To reiterate these requests, on 18–19 June the Commission vice-president Robert Marjolin went to Rome to meet Italian authorities. The message of his visit was thus summarized by Pietro Nenni (the secretary of the Socialist Party and vice-president of the Council of Ministers) in his diary: 'Tax mercilessly incomes and contain wages.'<sup>54</sup> The employers' press highlighted the talks to emphasize the government's difficulties and strengthen the opposition to reforms:

Marjolin's mission made clear the EEC's position of extreme anxiety about an Italian economy which has reached breaking point, due both to the inadequacy of the counter-cyclical measures taken hitherto and to internecine struggles inside the government which prevent the adoption of serious and vigorous measures.<sup>55</sup>

The European pressures were certainly a factor in determining the defeat of those who opposed the austerity turn of the economic policy.<sup>56</sup> Under the pressure of its interneconomic divisions, the already fragile centre-left government foundered and Prime Minister Aldo Moro resigned in June 1964. Years later, in 1978, in a memoir written while a prisoner of the Red Brigades, he described EEC interference in Italian affairs through Marjolin's visit as 'a grave fact'.<sup>57</sup>

After the deflationary turn of 1964, from 1966 onward gross domestic product (GDP) rose once again at a sustained pace. But this growth had a very different quality from that of the 'miracle' years: it was – as Riccardo Bellofiore pointed out – a phase of 'accumulation without investments'.<sup>58</sup> Capitalists reacted to the social turmoil of the early 1960s by refraining from investment, preferring to transfer – legally or illegally – capital abroad.<sup>59</sup> Growth became even more dependent on exports and the maintenance of low labour costs. The gains in productivity, necessary to sustain the competitiveness of Italian manufacturers in the international markets, were achieved with the downsizing of the workforce and the acceleration of production lines.<sup>60</sup>

At the end of the 1960s, when the labour market tightened again,<sup>61</sup> industrial workers' discontent exploded, setting in motion a cycle of industrial conflict lasting through the end of the 1970s. The workers won significant victories in terms of wages – as they had in the early 1960s – but this time they also achieved a substantial degree of control over the production process, which directly called into question power hierarchies on the factory floor.<sup>62</sup>

The strength of the unions and the turmoil in which international monetary relations were mired, nullified the effects of the deflationary manoeuvre that the Central Bank promptly applied. The crisis of the Bretton Woods system had made the external constraint less stringent. In the hope of reconstituting it in some measure, the Italian industrialists expressed their support for the 'Snake'.<sup>63</sup> In this regard, it is significant that, in March 1972, on the occasion of the launching of the 'Snake', several articles in *Confindustria's* (the main employers' association) daily newspaper pleaded for the adoption of a common wage policy as an indispensable complement to the monetary measures.<sup>64</sup>

But the Italian industrialists discovered very soon that, in the new social and political conditions of the early 1970s, the internal constraint had become much stronger than the external. Their disorientation clearly emerged in the words of the chairman of *Assolombarda* (the employers' association regrouping firms operating in Lombardy, the industrial heart of the country): 'In practice, the mechanism of accumulation that characterized the Italian economy in the 1950s and 1960s seems to have stalled, and we have not yet found the way to restart it.'<sup>65</sup>

The strength of the factory workers and of their unions, which declared salaries an 'independent variable', barred the use of the monetary lever as a means to discipline the workforce and cut wage levels. On the contrary, in a context of rising wage levels, the anchoring to a rigid exchange rate system damaged the competitiveness of Italian exports. Thus the industrialists quickly revised their opinion about the advisability of linking the lira to the strong Deutschmark. In early 1973, the industrialists had come to see the Monetary Snake as 'an intolerable straitjacket'.<sup>66</sup> *Confindustria's* director general, Franco Mattei, commented on the news of the departure of the lira from the Snake by saying: 'The government's decision to let the lira freely fluctuate is, in our view, the

only option available.<sup>67</sup> The definitive breaking up of the Bretton Woods system with the announcement of the free fluctuation of the US dollar in March inaugurated a period of sustained devaluation of the lira. Italian capitalism was freeing itself from a constraint that had become more of a burden than an instrument of social stabilization. Thus, after 1973 the defence of profitability was entrusted to a mix of devaluation and high inflation. The Central Bank, headed until 1975 by Guido Carli, the same man who had presided over the deflationary turn of the mid 1960s, favoured the inflationary defence of profits following a policy of easy money.<sup>68</sup> This policy mix was quite effective in guaranteeing profitability, at least in relation to the main advanced capitalist countries, as we can observe in Figure 1.<sup>69</sup>

In the second half of the 1970s, the balance of power between capital and labour shifted in favour of the first. This shift was produced by several factors. A vast process of industrial restructuring and the 1975 recession had brought about a surge in unemployment that reduced the bargaining power of workers. Furthermore, the high levels of inflation had eroded the salaries, especially those of the less unionized workers – such as those in the numerous small enterprises – who were less protected by mechanisms of collective bargaining. Inflation was also at the origin of a phenomenon of massive fiscal drag that financed a huge system of state subsidies for industrial production, thus realizing a sort of ‘reverse redistribution’ from salaries to profits.<sup>70</sup> To these factors, one has to add the evolution of the political context, marked by the rapprochement between the PCI and the moderate Christian Democrats (the *compromesso storico*, or historical compromise). The entry of the PCI into the governmental majority, 30 years after the break-up of the national liberation front in 1947, implied a less combative stance for the Communist organizations.<sup>71</sup>

In this context, the trade unions abandoned the line of salaries being an independent variable and adopted a more conciliatory position in their relations with employers, pursuing an agreement ‘between producers’ in the name of the fight against unemployment and inflation. The General Meeting of the trade unions held in Rome in February 1978 ushered in this new phase in industrial relations.<sup>72</sup> As the person responsible for the economic department of the PCI central committee, Luciano Barca, wrote in his diary: ‘Actually [the conference] has officially sanctioned [...] the passage from “class struggle” to “concertation”’.<sup>73</sup>

This change in the trade unions’ strategy disclosed new perspectives for a cycle of stabilization. The loosening of the internal constraint, brought about by the more malleable attitude of the unions and the PCI, made possible the abandonment of an inflationary strategy as the way out from the profit squeeze. A deflationary response to the crisis was again a possibility. In this perspective, the external constraint returned to represent a stabilizing resource for the establishment. It was not by chance that the Franco-German initiative on Community monetary cooperation, launched at the European Council in Copenhagen in April 1978 and made official in July at the Bremen summit,<sup>74</sup> paralleled the coagulation of a deflationary front on the Italian political scene. As evidenced by Guido Carli, now Confindustria’s president: ‘With the decisions and guidelines of Bremen we are even more constrained [in our policy decisions] and forced to be consistent with the rules of the market economy.’<sup>75</sup> Giorgio La Malfa, vice-secretary of the Republican Party, a small but influential component of the governing majority, criticized the government’s

cautious attitude at the Bremen summit. He declared to the press that it was time to establish 'an economic policy program that in a reasonably short time frame – two or three years – would bring back Italy's inflation rate to the average of the other members of the Common Market'.<sup>76</sup>

Within the main governing party, the DC, the working committee on economic policies, published in mid-July after a long deliberation its conclusions in which it supported a strict policy of the containment of public spending and wage rises. As declared by the committee's coordinator and vice-president of the Party's parliamentary group, Gerardo Bianco:

Delays are not anymore possible, this was made clear at Bremen. At this point if we don't want to break away with the West and to isolate ourselves in the EC we must act boldly and take the appropriate decisions.<sup>77</sup>

The three-year plan presented at the end of August 1978 by the treasury minister, the Christian Democrat Filippo Maria Pandolfi, embodied the turn to a more austere economic policy. Originally born as an initiative in agreement with the PCI to give the *compromesso storico* majority a more progressive profile,<sup>78</sup> in its final draft the document was intolerable to the leftist faction of the majority. The qualifying points of the plan, which echoed a Confindustria proposal presented a few months before,<sup>79</sup> were no increase in real labour costs (and consequently stagnant real wages), greater flexibility in the use of manpower (essentially: greater possibilities for lay-offs), and a reduction in social expenditure (pensions and healthcare).<sup>80</sup> Quite in contradiction with its deflationary bias, the plan forecast the creation of 500,000–600,000 new jobs, an emollient – as pointed out by the employers' press – necessary to gain the support of the trade unions and the leftist sectors of the majority. But what actually emerged was a line of economic policy 'based on deflation, on the containment of real wages, on the increase in exports' – as we can read in one of the few systematic studies of the plan.<sup>81</sup> In practice, the Pandolfi plan reiterated the classic *topoi* of the development strategy of Italian capitalism, with its emphasis on export and the containment of labour costs. On the other hand, it represented the local expression of the pre-eminence that in the countries of advanced capitalism the fight against inflation was gaining at the expense of full employment policies.

Of course, such an approach did not fail to spark criticism from the trade unions and the political left. But this did not produce an open fracture in the majority, at least not immediately. Though the emphasis on the containment of labour costs appeared unacceptable to the PCI, many of its more qualified representatives considered a drastic change in the course of the economic policy inevitable.<sup>82</sup> Furthermore, the external constraint helped in overcoming resistance and doubts.

The link between the three-year plan and European integration was explicit in the Pandolfi document, beginning with its title: 'Proposta di sviluppo, scelta per l'Europa' (Development proposal, Choice for Europe). As specified in the text: 'A new course for our economy and therefore for our society is proposed also as a choice for Europe.'<sup>83</sup> La Malfa, interviewed by *Il Sole 24 Ore*, was even more direct: 'A deflationary policy is a pro-European policy, and vice versa.'<sup>84</sup>

On the one hand, the fledgling European monetary system appeared as the ideal anchor for the austerity measures contained in the Pandolfi plan, legitimizing them as a

necessary sacrifice to the good cause of the uniting of Europe and remaining in the club of the richer countries. On the other hand, as we have said, the risks inherent in joining the Franco-German project were evident, even to the staunchest supporters of the European cause. It was quite an easy prediction to foresee troubles for a high-inflation country like Italy in linking to German monetary discipline. Since the start of negotiations, the Italian government made the adoption of a symmetric adjustment system, which would distribute the burden of adjustment fairly between surplus and deficit countries, an indispensable condition of Italian participation, along with measures supporting the weaker economies.<sup>85</sup> Many in the export industry and the agricultural sector feared the effects of a stronger exchange rate.<sup>86</sup> The Bank of Italy itself, together with a good portion of the national financial circles,<sup>87</sup> nurtured strong misgivings about adhesion without adequate guarantees. Governor Baffi and his colleagues feared that the country, left to its own devices, could not fulfil the exchange-rate obligations in a system that they rightly forecast as dominated by the Deutschmark.<sup>88</sup> A repetition of the experience of the Snake, when the country was forced to leave the system after few months, would deal an unbearable blow to the residual credibility of the Italian financial system. The left wing of the majority – Communists and Socialists – was in an analogous position, albeit with different motivations. The document on economic policy published by the PCI at the end of November specified that the party was in favour of adhesion only on the basis ‘of precise guarantees not only on the necessary flexibility of the monetary mechanisms but also on the modification of the Community agricultural policy and on the coordination between the economic policies of the member countries’.<sup>89</sup>

The negotiations taking place after Bremen highlighted the difficulties of the Italian position. As Baffi told Prime Minister Andreotti: ‘The strong countries are entrenched in a position of avarice.’<sup>90</sup> At the EC Council on 4–5 December, which discussed the final agreement, Italy’s demands were in large measure ignored. Italy obtained a larger fluctuation band for the lira, but nothing more. Giscard D’Estaing and Schmidt rejected any hypothesis of financial support in favour of the weak currency countries.<sup>91</sup> The commitments in this direction were much vaguer than Italy had hoped.<sup>92</sup> At the end of the meeting, Andreotti announced Italian reservations on the text approved by the Council. Andreotti’s statement announcement produced upheaval within the majority. The Prime Minister was accused of an excessive shift towards the Communists’ positions. The Republican Party and the Social-Democratic Party, along with a large section of Andreotti’s Party, the DC, expressed their support for immediate adhesion to the EMS. The Prime Minister’s lukewarm attitude was criticized by the right wing of his party but also by other components of the variegated Christian Democratic archipelago, in particular by influential young technocrats such as the economists Beniamino (Nino) Andreatta and Minister for Industry Romano Prodi.<sup>93</sup> The leadership of Confindustria threw its support behind immediate entry. In Carli’s opinion, immediate adhesion would have positive consequences for the country’s stabilization, bringing about ‘an acceleration of the agreement between the social forces on the three-year plan and a firmer commitment to tighten the constraints that it imposes’.<sup>94</sup>



Despite these statements, on the eve of the parliamentary debate the hypothesis of a six-month postponement of Italian entry into the EMS seemed to prevail, as a compromise suggested by the Socialists and supported by the Bank of Italy and the PCI.<sup>95</sup>

Contrary to all expectations, on 12 December 1978, the day the debate started at the Chamber of Deputies, Andreotti announced the government's decision to adhere without further ado. Despite the opposition of the PCI and the abstention of the Socialists, the Parliament approved. Shortly thereafter, the PCI terminated its participation in the governmental majority.

Commenting on the events, Cesare Romiti – Fiat's CEO – said that the government's decision was 'an act of bravery, a challenge we had to accept even knowing that it entailed considerable risks'. To avoid such risks – Romiti continued – it was necessary 'to put our accounts in order', 'to cancel the system of indexed economy in which we live', meaning: to cancel the system of automatic and integral protection of the salary against inflation instituted during the 1970s. In sum: 'To enter into the EMS implies the immediate application of the deflationary measures provided for in the Pandolfi plan.'<sup>96</sup> Similarly, the Christian Democratic senator Andreatta, intervening during the parliamentary debate on the EMS, declared:

We believe that anchoring our country to the European *écu* will give us a stable point of reference that can only be beneficial for the debate on the Pandolfi plan. In this perspective, it becomes evident the intolerability of an integral wage indexation [...]. [We] have to aim high, to commit ourselves to a policy of stabilization, even if such a policy implies sacrifices for the industrial worker, whose wage [...] has dwindled in real terms. But I believe that in the first phase of the adjustment it will be necessary to endure a real wage reduction of even 1–2 per cent.<sup>97</sup>

The Bank of Italy expressed a similar position. Now that the decision had been taken to avoid a catastrophe, Italy's only choice, according to the Bank's management, was to vigorously pursue a strict deflationary policy: 'Now we can only hope that the rigorous policy outlined in the Pandolfi document will be immediately applied.'<sup>98</sup> The linkage between the EMS and the deflationary turn of Italy's economic policies was the main theme of the meeting of the Council of Ministers that preceded Andreotti's speech in the House. As we can read in the *Il Sole 24 Ore* report, the arguments of the Ministers supporting an immediate adhesion revolved around 'the equations "adhesion to the EMS" equals "fight against inflation" and "adhesion to the EMS" equals "adhesion to the three-year plan".'<sup>99</sup> Leaving the meeting of the Council of Ministers, Minister Pedini, lingering with journalists, declared: 'As Minister for Education I believe that joining the EMS is the only re-educational system for Italy.'<sup>100</sup> The external constraint was operating again. In his memoirs Carli aptly summarizes the meaning of this historic passage: 'The end of the [1970s] crisis coincides with the emergence of a new "external constraint": the European Monetary System.'<sup>101</sup>

## Conclusion

Despite its peculiarities, the Italian deflationary turn at the end of the 1970s was not an exception. The abandonment of the inflationary response to the crisis was part of a general turn in the economic orientation of the advanced capitalist world. At the end of



the decade, the ruling elites of the major capitalist countries – previously deeply divided in their responses to the crisis – were converging towards a new consensus pivoting on the pre-eminence of the containment of inflation at the expense of full employment.<sup>102</sup> In the late 1970s, even the more inflation-prone countries could subscribe to French Prime Minister Raymond Barre's words: 'L'inflation constitue en réalité la plus grave menace pour la croissance et l'emploi [...] la lutte contre l'inflation est prioritaire et doit s'inscrire dans la durée.'<sup>103</sup> Increasingly the democratic radicalization of the 1970s was deemed incompatible with a 'sound' management of the economy. In 1975 the Trilateral Commission published *The Crisis of Democracy*, a report that singled out inflation as the main problem afflicting Western democracies.<sup>104</sup> According to the three eminent social scientists who co-authored the report, inflation was the result of an excess of democracy:

The democratic expansion of political participation and involvement has created an 'overload' on government and the imbalanced expansion of governmental activities, exacerbating inflationary tendencies in the economy. [...] In the face of the claims of business groups, labor unions, and the beneficiaries of governmental largesse, it becomes difficult if not impossible for democratic governments to curtail spending, increase taxes, and control prices and wages. In this sense, inflation is the economic disease of democracies.<sup>105</sup>

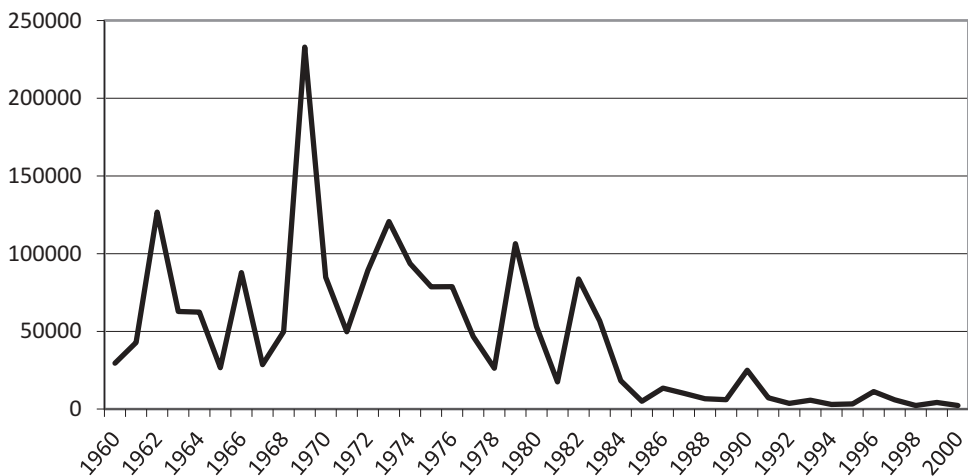
In the same year the Trilateral Report was published, the OECD Council commissioned from a group of eight economic experts, most of whom had held top governmental positions, a report on 'the main policy issues involved in the pursuit, by member countries, of non-inflationary economic growth and high employment levels'.<sup>106</sup> One of the members of the group, it is worth noting, was Guido Carli.<sup>107</sup> The Group's Report, presented in 1977, shared with the Trilateral document an alarmist view of the recent developments in the Western democracies and blamed even more forcefully the rise in prices as the central problem. In the Group's view, to pursue that 'narrow path to growth' that spanned the middle ground between inflation and stagnation, it was necessary to accept considerable unemployment over a period of time.<sup>108</sup> Though the political platform of the Report was contradictory, torn as it was between a pledge to save and extend old Keynesian recipes and the opening to monetarism,<sup>109</sup> it surely struck a conservative note whose unstated premise was – as Robert Keohane noted – that 'democratic politics must adjust to capitalist economics, rather than vice versa'.<sup>110</sup>

In this political and intellectual climate, European integration worked, as it had done in the past, as an instrument of stabilization. However, since history does not repeat itself, in the new context following the breaking-off of the post-war social compact, the stabilizing role of the EC assumed entirely new modes and meanings. No more the buttress of national welfare states committed to the pursuit of full employment, it became a tool for the promotion of the monetarist creed of independent central banks and 'sound' monetary policies centred on the imperative of controlling inflation. Increasingly, from the mid-1980s onward, it became a powerful promoter of a programme of market liberalization and privatization. Monetary integration represented the main vector through which the monetarist impulse was transmitted to the member countries. In the course of the 1980s the discipline imposed by the floating bands of the EMS produced a convergence towards the

German model of fiscal and monetary rigour. But it was a two-way process. The convergence of the EEC countries around an anti-inflationary stance (and the expanding trade deficit of the US) made possible what had failed only seven years before: the joint floating of the EEC currencies. In any case in the brave new world of high interest rates and rampant monetarism inaugurated by the Volcker shock, the days of the inflationary strategy appeared numbered.

For a brief interlude in the 1970s, in the wake of the democratic radicalization of the time, the influence of a social-democratic view seemed to prevail within the Community. Many, especially within the trade unions, thought of using the supranational machinery to re-embed the market forces that were breaking the chains of the post-war settlement. However, these efforts produced very little result.<sup>111</sup> After all, the innate elitist, technocratic character of the Community made it the ideal counterbalance to the democratic ferment of the European societies rather than the labour-friendly entity that some trade unionists dreamed of. As a senior executive of a British multinational aptly summarized: 'The business lobby should attempt to proceed internationally (at the pace of the slowest nation) rather than nationally (under the socialist pressures).'<sup>112</sup>

The Italian case shows clearly how European integration was used to rescue capitalism from the challenges from below. As we have seen, in two crucial passages of the country's history, when capitalism's hierarchies found themselves challenged, the European card was played to restore them. Both in the early 1960s and the late 1970s, the European *vincolo esterno* decisively helped the affirmation of the domestic deflationary forces. After Italy's entry into the EMS, in the 1980s, the Bank of Italy, under Governor Carlo A. Ciampi, closely followed a policy of monetary discipline and strong currency.<sup>113</sup> Ciampi hoped that the monetarist cure would stimulate the Italian manufacturing system to modernize and make a technological leap towards higher value-added production.<sup>114</sup> In fact, for most Italian industries, this did not happen. Deflation went together with the liquidation of the vestiges of the strength of the workers' movement: internal constraint disappeared, as testified to by the steep fall in the number of strikes.



**Figure 3.** The end of the 'internal constraint': Labour conflicts in Italy, hours lost in industry 1950–90. Source: Istat, [http://seriestoriche.istat.it/fileadmin/allegati/Mercato\\_del\\_lavoro/Tavole/Tavola\\_10.22.xls](http://seriestoriche.istat.it/fileadmin/allegati/Mercato_del_lavoro/Tavole/Tavola_10.22.xls).

Most Italian employers, once the surge in unemployment had disciplined the workforce, preferred to remain on the path opened in the mid-1960s: low investments in innovation and reliance on the manpower cost differential.<sup>115</sup> In an increasingly interconnected world characterized by the entry into the labour market of huge masses of underpaid industrial workers, this appears to have been a losing bet.

In the course of the last three decades, in a kind of vicious (or virtuous, depending on the point of view) circle, the more the monetarist discipline and reforms imposed by the adherence to the imperatives of deeper integration weakened the workers' movement, the more European integration identified with a purely neoliberal programme. In the first years of the twenty-first century, B. Van Apeldoorn, writing from a critical point of view, defined the character of the EU as 'embedded neoliberalism', in which the push towards unfettered free markets was somewhat, albeit timidly, compensated for by the adoption of social programmes.<sup>116</sup> In the years since, it has become evident that the social preoccupation has been sacrificed on the altar of the monetary union. But this result can not be ascribed to a perversion or a betrayal of some mythical original labour-friendly character of common Europe. European integration, in its various incarnations, has always been a function of capitalist relations, between classes and between states, assuming the forms that these relations entailed.

## Notes

1. Horkheimer, "The Jews."
2. The article was originally published as Maier, "The Two Postwar Eras." Later republished in Maier, *In Search*, 153–84, quote from 161.
3. In order to explore the relationship between capitalist competition and European integration, a useful tool is the concept of *uneven and combined development*, as originally proposed by Leon Trotsky and more recently adopted by a school of international relations theorists and some historians (Trotsky, *History of the Russian Revolution*; Rosenberg, "Isaac Deutscher"; Anievas, *Capital, the State and War*; Tooze, *The Wages of Destruction*).
4. Beckert, "American Danger."
5. The push towards the unification of Europe was often paralleled by the pleading for the creation of 'Eurafrica' (Beckert, *American Danger*, 1161–3).
6. In the preceding years, as foreign minister of the Weimar Republic, Stresemann had followed an 'Atlanticist strategy' aimed at finding an ally in American financial circles to restore Germany's position on the world scene (see the Introduction in Tooze, *The Wages of Destruction*).
7. Tooze, *The Wages of Destruction*, 15; Wright, *Stresemann*, 476. Striking a similar note, a few days earlier Briand told Stresemann that 'the next task' would be to consider how to achieve 'the political and economic consolidation of Europe' to maintain peace and resist American dominance (Wright, *Stresemann*, 474).
8. Hitler, *Second Book*, 107.
9. Tooze, *The Wages of Destruction*, 10.
10. Sombart, *Why is There no Socialism*, 106.
11. Maier, *In Search of Stability*, 128.
12. Maier, "The Politics," 70.
13. Quoted in McCormick, *America's Half-Century*, 79.
14. Typically representative of the Europeanism of these reformist circles was the journal *Sozialistische Monatshefte*, founded in 1905 by Joseph Bloch and widely read in German

- trade unionist circles. The review melded a moderate socialist position with a pan-European stance (Bloch, “La conception”).
15. Coudenhove-Khalergi, *Idéalisme Pratique*.
  16. Kuisel, *Ernest Mercier*, 45–113. See also the work of the economist and member of the *Redressement* group, Delaisi, *Les Contradictions*.
  17. Milward, *The European Rescue*, 216.
  18. On the precarious economic and social equilibria after the Second World War see Armstrong et al., *Capitalism*, 3–26; Mazower, *Dark Continent*, 217–24. A telling example of the radicalization brought about by the war and the Great Depression is the Ahlen programme approved by the German Christian Democratic Union (Konrad Adenauer’s party) in the British zone of occupation in February 1947. The document opened with these words: ‘The capitalist economic system has served neither the State’s nor the German people’s vital interests. After the terrible political, economic, and social collapse that resulted from criminal power politics, a new order is required, and it must be built from the ground up. The content and goal of this new social and economic order can no longer be the capitalistic pursuit of power and profit; it must lie in the welfare of our people.’ The text of the programme can be retrieved from [http://ghdi.ghi-dc.org/print\\_document.cfm?document\\_id=3093](http://ghdi.ghi-dc.org/print_document.cfm?document_id=3093).
  19. The term comes from Ruggie, “International Regimes.” Karl Polanyi was the first to distinguish between embedded and disembedded economies. In the first case economic activity is constrained by exogenous rules and institutions. The attempt at ‘disembedding’ the economy by building a self-regulating market during the nineteenth century led to ‘massive suffering’ and ended in failure, highlighted by the Great Depression and the Second World War (Polanyi, *The Great Transformation*, quote from 258). The Bretton Woods regime proceeded to re-embed the market, by instituting some form of the regulation of international transactions, in an attempt to reconcile the pursuit of an autonomous national economic policy of demand regulation and market integration.
  20. Brenner, *The Economics*, 99–121.
  21. Harvey, *The Limits to Capital*, chap. 7.
  22. Arrighi, *Adam Smith*, chap. 6.
  23. The basic social contradiction of the ‘Golden Age’ could be summed up with Sharon Smith’s words: ‘... higher wages and a better standard of living available only at increasingly extreme levels of exploitation. Even for the highest-paid workers, better pay couldn’t make up for the dehumanizing and degrading conditions on the job’ (“The Workers’ Rebellion’. An Enlightening Description of the Factory Workers’ Conditions in the Capitalist Core during the 1950s” in: Meyer, “An Economic.” On workers’ discontent in the capitalist centre in the 1960s, see Brecher, *Strike!*, chap. 7.
  24. Kalecki, “Political Aspects.”
  25. Armstrong et al., *Capitalism*, chap. 12.
  26. Kalecki, “Political Aspects,” 326.
  27. Phelps Brown, “A Non-Monetarist View.”
  28. A good testimony of the degree of control achieved by the working class in the early 1970s is Roberts, *Workers’ Control*. See also Trentin, *La città del lavoro*, 26–8.
  29. The quadrupling of the oil price was only the most visible manifestation of the fundamental change which occurred in the relations between the core and the periphery whose subaltern position as a supplier of cheap raw material and primary products at declining terms of trade had been one key feature of the post-war boom of the capitalist world. At least temporarily, the movement for a new international economic order put an end to this state of affairs. On the relationship between European integration and the ‘global South’ in these circumstances see Garavini, *After Empires*.
  30. Quoted in Matusow, “Feature Review,” 771.
  31. Cf. for example Szasz, *The Road*, 20.
  32. On West Germany’s “monetary mercantilism” see: Holtfrerich, “Monetary Policy Under Fixed Exchange Rates”; Idem, “Monetary Policy in Germany.”

33. Parboni, *Il conflitto*, 128.
34. Parboni, *The Dollar*, chap. 4.5.
35. Szasz, *The Road*, 23–5.
36. Biven, *Jimmy Carter's*, chap. 5.
37. Margaret Thatcher Foundation Archive, EMS Material [https://www.margarethatcher.org/archive/EMS\\_1978.asp](https://www.margarethatcher.org/archive/EMS_1978.asp), *Note for the Record, Prime Minister Meeting with Chancellor Schmidt*, Bonn, 12/3/1978. As Schmidt told Callaghan, who had answered his proposal by saying he had no technical understanding to judge it: 'One effect would certainly [be] to weaken the German Mark.'
38. *Ibid.* For a broad overview of the interrelation between the economic development of West Germany and that of its European partners see Halevi, "The EMS." According to Halevi, German post-war economic development can be divided into three phases: the first 15 years after the end of the Second World War, during which Germany's rapid growth was contributing to a virtuous cycle for the whole of Europe (in the context of US-controlled institutions); a second phase during the 1960s in which a tension emerged within the European Economic Community's balance of payments; and another phase after the end of the Bretton Woods regime when Germany's role as a deflation exporter to the rest of Europe was firmly established.
39. At the start of the talks on the new system, the Bundesbank feared that the exchange rate mechanism of the EMS could represent a 'perfect inflationary machine'. But, as Schmidt told the Central Bank council in November 1978, it was only a 'façon de parler, a swimming trunk, or makeup to cover up the fact that the French are joining for the third time a European currency association that they twice left' (quotes from James, *The Making of European Monetary Union*, 176 and 174. Of course, the currency association Schmidt was referring to was the Snake).
40. One of the main mechanisms fostering asymmetry was the possibility for the participating countries' Central Banks to intervene in the exchange market in extra-EEC currencies. As explained by Parboni (*The Dollar*, 149): 'If, for example, the Mark rises and reaches the divergence threshold, then the Bundesbank intervenes. If it were compelled to intervene with Community currency, it would have to sell marks for other currencies and would therefore increase the supply of Marks in circulation [...]. If, on the other hand, the Bundesbank intervenes in dollars, as the accord permits, then it leaves the supply of marks unchanged while acquiring the weak currency. Moreover, under the former intervention system the Mark is weakened and falls into step with the other currencies; under the new system the weak currencies are pulled upward, held in a suffocating embrace by the Mark. [...] The asymmetry lies in the fact that under the EMS, as under the Snake, there are no effective means by which to compel a strong-currency country to weaken its currency, but the weak-currency countries are compelled to strengthen theirs.'
41. For an analysis that almost in real time highlighted the asymmetric character of the EMS see Parboni, *The Dollar*, 141–68. Although Germany-dominated, according to Marcello De Cecco the EMS represented Germany's climbing down 'from a global monetary role to a regional one'. 'Before the EMS inception, the FRG had tried a solitary confrontation against US economic policy, and had, after a few years of interest rate wars, revaluation and the defeat represented by the locomotive experiment, decided that it could not risk a repetition of the attempt to have an independent economic policy. The EMS was ostracised by the Bundesbank and imposed by the German political authorities exactly because it represented the end of monetary autonomy vis-a-vis US monetary policy, not that of other European countries' (De Cecco, "The EMS," 30).
42. Spaventa's speech in *Atti parlamentari. Camera dei deputati, VII Legislatura, Seduta del 12/12/1978*, 24892–24899; Napolitano's in *Atti parlamentari. Camera dei deputati, VII Legislatura, Seduta del 13/12/1978*, 24992–25000.
43. The importance of the *vincolo esterno* to rescue Italian capitalism was explicitly theorized by Guido Carli, one of the main protagonists of Italy's economic development after 1945.

The opening chapter of his memoirs is entitled: ‘The External Constraint that Saved us Thrice’ (the three times he referred to were: the adhesion to the Bretton Woods institutions after the Second World War; the European Monetary System at the end of the 1970s; and the Maastricht Treaty in the 1990s). Cf. Carli, *Cinquant’anni*, 5. One of the few historical analyses of the subject is by Gualtieri, “L’Europa come vincolo esterno,” who highlights the ‘political utilization’ of the European constraint ‘outside the democratic circuits of power and representation’ (p. 320). Striking a similar note, but with a more pronounced emphasis on the class character of that political utilization is Petri, “Economia politica della crisi.” Campus, “Il governo del vincolo esterno”, stresses the passivity and insufficiencies of the Italian ruling circles in managing the country’s economic interdependence.

44. Bonelli, “Il capitalismo italiano.”
45. The ‘privilege of historic backwardness’ is an aspect of uneven development highlighted by Trotsky (*History of Russian Revolution*, 4).
46. Bellofiore, “I lunghi anni settanta,” 90.
47. On the declarations of the German Chancellor, Ludwig Erhard, and his minister for economics Kurt Schmücker expressing preoccupation with the inflationary tensions and demanding the institution of a Community machinery to coordinate the fiscal policies of the member states (i.e. to have a say in the policies of the more financially ‘indisciplined’ members) see “Tensione delle economie del Mec,” *Orientamenti* 453, April 15, 1964; cf. also Schmücker interviewed by Eugenio Scalfari, “Che si può fare per la lira,” *L’Espresso*, July 19, 1964. On the positions of the European partners and the EEC Commission see Cavalieri, “Il prestito della CEE.”
48. Peluffo, “Introduzione,” IX.
49. It is no coincidence that in this period the Commission presented a project for the coordination of national economic policies which led, in 1964, to the birth of the Committee of Governors of Central Banks, of the Budget Policy Committee and of the Medium-term Economic Policy Committee. On this aspect of the EEC institutional history Bussière, “Les tentatives.”
50. “La situazione economica dell’Italia è la più inflazionata in seno al Mec,” in *L’Organizzazione industriale* 7, February 13, 1964.
51. Also thanks to the US\$1.275 million line of credit obtained (from various sources) in March through the good offices of the US administration. Cf. Fodor, “I prestiti internazionali.”
52. Petri, “Esportare,” 40–9.
53. See the text of the letter in Franzinelli and Giacone, *Il riformismo alla prova*, 359–63, Doc. 346, *Lettera del presidente della Commissione della CEE Hallstein a S.E. il presidente del Consiglio Aldo Moro*, May 20, 1964.
54. Franzinelli and Giacone, *Il riformismo alla prova*, 430, Doc. 414. *Diario di Nenni*, June 19, 1964. Cavalieri evidences that Marjolin, with a ‘very questionable choice’, decided to not consider a report prepared by a Commission expert which showed that Italy was by now out of the crisis (Cavalieri, “Il prestito CEE,” 10).
55. “Il riequilibrio dell’economia italiana nel quadro del Mec,” *L’Organizzazione industriale* 26, June 25, 1964.
56. Within the governmental majority, the Socialists and the Republican Party were against the deflationary measures, albeit with different positions. Outside the government, the CGIL, the left-wing trade union, declared its contrariety as did some prominent figures in economic and financial circles, like Raffaele Mattioli, president of Banca Commerciale, one of the major financial institutions of the country (Petri, “Esportare,” 42–5).
57. This quotation comes from Moro’s memoirs, published in Flamigni, “*Il mio sangue*,” 221–6. We must add that, in January 1968, in a speech in Parliament, Moro said the opposite, defining Marjolin’s visit as ‘the most discreet, constructive, respectful one could imagine’ (Gotor, *Il memoriale*, 513–51).
58. Bellofiore et al., “Il presente come storia,” 235.



59. Salvati, *Economia e politica*, 89–97.
60. Graziani, *Lo sviluppo*, 86–9; and Crainz, *Il Paese mancato*, 57–64.
61. More precisely, in the late 1960s the Italian labour market was not in a situation of full employment, but the growing Taylorization of the work process had paradoxically led to an increase in workers' control over the lines of production. Furthermore, increases in the cost of living in towns and the higher levels of schooling had prevented the creation of an effective 'industrial reserve army'. See Paci, *Mercato del lavoro*, chap. 8.
62. This point was evidenced by Carli: '[The unions] aimed not only, and even not so much, for purely wage claims, but for the rigidity of the labour force. This was the crucial point of that clash: to exonerate the workforce from the operation of market mechanisms, from the ups and downs of the economy and from the autonomous decisions of the employers' (Carli, *Intervista*, 64).
63. "Una prova difficile," *Il Sole 24 Ore*, January 16, 1972. *Il Sole 24 Ore* is a daily newspaper owned by Confindustria, Italy's main employers' association.
64. See, for example, "Lo squilibrio nello squilibrio (le strutture salariali nella Cee)," *Il Sole 24 Ore*, March 18, 1972; "Assemblea dell'Assolombarda, Milan, April 6, 1972, Relazione del presidente G. Pellicanò," *Mondo economico* 15, April 1972.
65. Giuseppe Pellicanò, "Riflessi della situazione internazionale sull'industria italiana," *Mondo economico* 5, February 1972, 49.
66. "Unione monetaria. Una politica da riformulare," *Mondo economico*, February 24, 1973, 13.
67. "Giudizio positivo degli imprenditori, dichiarazioni di F. Mattei," *Il Sole 24 Ore*, February 14, 1973.
68. On Italy's monetary policy see Fratianni and Spinelli, *Storia monetaria d'Italia*, who, from an orthodox point of view, give a severe judgement of Carli's policy in the 1970s (p. 616).
69. Introducing a touchstone book on Italy's economic history, Gianni Toniolo defines Italy's economic performance in the 1970s as 'surprisingly good': Toniolo, "La crescita economica italiana," 36. See also Ciocca and Toniolo, *Storia economica d'Italia*, 427–76.
70. Giavazzi and Spaventa, "Italy."
71. On the maturation of a 'responsible attitude' by the Communist Left in the second half of the 1970s, see Paggi and D'Angelillo, *I comunisti italiani*, 9–28. On the Left and the historical compromise see Magri, *The Tailor of Ulm*, chap. 15.
72. Magri, *The Tailor of Ulm*, 283–4; Turone, *Storia del sindacato*, 502–6.
73. Barca, *Cronache*, 715.
74. On the genesis of the EMS and the negotiations see: Ludlow, *The Making*; Szasz, *The Road*, chap. 7; James, *Making the European Monetary Union*, chap. 5; and Mourlon-Druol, *A Europe*, 163–260.
75. "Europei se competitivi," *Il Sole 24 Ore*, July 14, 1978, 1, in which is reported the debate at the annual conference of Federmeccanica, the association of engineering industries.
76. "Non basta dire di volere l'Europa, ci sono cose da fare per restarci," *La Stampa*, July 15, 1978, 1. See also Giorgio La Malfa, "Il governo deve smettere di rimandare i problemi," *La Stampa*, July 30, 1978, 2.
77. "Per il rilancio dell'economia meno rinvii, più coerenza e rigore," *Il Sole 24 Ore*, July 28, 1978, 1.
78. The idea was tabled in April during a dinner between Pandolfi, Barca and Luigi Spaventa – an economist close to PCI positions (Barca, *Cronache*, 734–5). At the end of May, Barca spoke of the project with the PCI secretary, Enrico Berlinguer. On 9 June Berlinguer wrote to Andreotti in support of an economic programme centred on three priorities: job creation; youth employment; and support for the development of the country's southern regions (*Ibid.*, 741–2).
79. "Documento del 20 ottobre 1977 presentato al governo e alla federazione unitaria CGIL-CISL-UIL," in Confederazione generale dell'industria italiana, *Assemblea e Consiglio direttivo, Operazione sviluppo*, Rome, January 11, 1978.
80. The integral text of the plan in "Proposta di sviluppo, scelta per l'Europa," *Il Sole 24 Ore*, September 1, 1978, 3–4.



81. Jovane and Guerrieri, “Le linee di politica economica,” 90. The plan forecast a 6.5% annual growth in exports (“Proposta di sviluppo, scelta per l’Europa,” *Il Sole 24 Ore*, September 1, 1978, 4.
82. At the meeting of the PCI Direction on 5 September, the head of the economic department, Giorgio Napolitano, condemned the ‘neoliberal temptations’ of the Pandolfi plan, while at the same time defining it as ‘the most coherent and binding amongst all those presented by the government’. He concluded: ‘The need of a critical assessment [...] should not imply a full rejection.’ (“Da PSI e PSDI giungono consensi al documento Pandolfi,” *Il Sole 24 ore*, September 7, 1978, 1–2 [2]; and Soddu, *Ugo La Malfa*, 333).
83. “Proposta di sviluppo, scelta per l’Europa,” *Il Sole 24 Ore*, September 1, 1978, 4.
84. “Il fuoco dell’inflazione cova sotto la cenere,” *Il Sole 24 Ore*, July 21, 1978, 1.
85. Varsori, *La Cenerentola*, 318–9; and Mourlon-Druol, *A Europe*, 168.
86. “La moneta europea e l’agricoltura. Un rischio elevato,” *La Stampa*, December 10, 1978, 18. See also: “Il 1° gennaio parte lo SME, l’agricoltura rischia il caos,” *La Stampa*, December 22, 1978.
87. In the aftermath of the Bremen summit *Il Sole 24 ore* published, on 8 December 1978, a comment by Tancredi Bianchi, president of the Associazione bancaria italiana (Italian Banking Association), meaningfully entitled ‘A noi conviene stare a guardare’ [‘We should wait and see’]. On the attitudes of the financial circles cf. also: “Avremo vantaggi o sventure dallo SME? In disaccordo industriali e banchieri,” *La Stampa*, December 14, 1978, 17 and the statement by Francesco Cingano, CEO of Banca commerciale italiana, in “Così gli esperti,” *La Stampa*, December 13, 1978, 1.
88. On Baffi and the EMS cf. Gigliobianco, *Via Nazionale*, 324–7; and Campus, “Il governo del ‘vincolo esterno’,” 286–7.
89. Quoted in Barca, *Cronache*, 761.
90. Letter from Baffi to Andreotti, November 9, 1978, quoted in Varsori, *La Cenerentola*, 322.
91. Mourlon-Druol, *A Europe*, 252–5.
92. Varsori, *La Cenerentola*, 325.
93. “La DC preme per lo SME,” *Il Sole 24 Ore*, December 8, 1978, 1; “Il governo sotto accusa per il no a Bruxelles,” *La Stampa*, December 7, 1978, 1.
94. Carli, “La partecipazione dell’Italia,” 3.
95. Barca, *Cronache*, 763.
96. “Così gli esperti,” *La Stampa*, December 13, 1978, 2.
97. Andreatta, “Intervention at the Senate,” 152 and 155.
98. “Così gli esperti,” *La Stampa*, December 13, 1978, 1.
99. “Valutazioni difformi tra i ministri,” *Il Sole 24 Ore*, December 13, 1978, 2.
100. *Ibid.*
101. Carli and Peluffo, *Cinquant’anni*, 6.
102. Eich and Tooze, “The Great Inflation.”
103. Quoted in Aftalion, “The Political Economy,” 9.
104. Crozier et al., *The Crisis of Democracy*.
105. *ibid.*, 161 and 164.
106. McCracken et al., *Pour le plein emploi*, 3.
107. The others were Paul McCracken (USA), who chaired the group, Herbert Giersch (West Germany), Robert Marjolin (France), Robin Matthews (United Kingdom), Attila Karaosmanaglu (Turkey), Ryutaro Komiya (Japan) and Assar Lindbeck (Sweden).
108. McCracken et al., *Pour le plein emploi*, 208–13.
109. Gayon, “The OECD.”
110. Kehoane, “Economics,” 119.
111. Particularly relevant in this perspective were the projects of strengthening workers’ rights in multinational corporations advanced by the Commission with the support of the main European trade unions in the early 1970s and which resurfaced again at the end of the decade. After lengthy discussions and heated debates ultimately the unions

achieved very little in terms of increased protection for workers. (Petrini, “Demanding Democracy”). For an analysis of EEC social policies in the 1970s along similar lines see Andry, “Social Europe.” On the attitude of the trade unions see Quentin Jouan’s article in this number (Jouan, “European Integration,” 600–617). The political and economic openings to the demands of the developing world, the other key feature of the ‘progressive’ Community of the 1970s, were also shelved by the early 1980s (Garavini, *After Empires*, 255–61). Furthermore, as evidenced by Parboni, trade concessions to developing countries are to be read in the context of the ongoing inter-capitalist economic struggles. Germany and the US, divided in competing for outlets for their industrial exports, were united in promoting the opening of the European markets to imports from the newly industrializing countries, inasmuch this gave the latter the resources necessary to pay for their purchases of capital goods and other advanced industrial products from German and American firms at the expense of the First World’s less advanced-low technology productions (Parboni, *Il conflitto*, chap. 6).

112. Modern Records Centre, Warwick University, Archive of the Confederation of British Industry, MSS.200/C/3/INT/16/10, D. E. Midgley (Company Secretary, Gascoigne Group) to CBI, 28/11/1978.
113. Gualtieri, “L’impatto di Reagan.” According to Gualtieri, during the 1980s Italy pursued a ‘monetarist stabilization’ – a ‘third way’ between the conflictual stabilization of Thatcherism and the consensual stabilization of the neo-corporatist countries of Northern Europe – in which management of economic policy was taken over by the technocratic élite of the Bank of Italy, and politics was relegated to a ‘residual role’ (190–1).
114. Bonaiuti, “Oltre il governo”; Goodman, *Monetary Sovereignty*, 158–67.
115. For a general assessment of the Italian experience in the EMS see Graziani, *Lo sviluppo*, 140–7. On the Italian economy in the 1980s see Pizzuti, *L’economia italiana*.
116. Van Apeldoorn, *Transnational Capitalism*, chap. 5.

## Disclosure statement

No potential conflict of interest was reported by the author.

## Notes on contributor

*Francesco Petrini* is Associate Professor in History of International Relations at the University of Padua, Italy. His research focuses on the interplay between the socio-economic structure and the international sphere. Among his latest publications are: ‘Counter-shocked? The Oil Majors and the Price Slump of the 1980s,’ in *Countershock: The Oil Counter-Revolution of the 1980s*, edited by D. Basosi, G. Garavini and M. Trentin, 76–96 (I.B. Tauris, 2018); and ‘Capital Hits the Road: Regulating Multinational Corporations during the Long 1970s’, in *Contesting Deregulation: Debates and Practices in the West since the 1970s*, edited by K. Andresen and S. Müller, 185–198 (Berghahn Books, 2017).

## Bibliography

- Aftalion, F. “The Political Economy of French Monetary Policy.” In *The Political Economy of Monetary Policy: National and International Aspects*, edited by D. R. Hodgman, 7–25. Boston: The Federal Reserve Bank of Boston Conference Series, no. 26, 1983.
- Andreatta, N. “Intervention at the Senate of the Republic 7/12/1978.” In *La Lira e lo scudo: La scommessa europea*, edited by N. Andreatta, 141–156. Bologna: il Mulino, 1978.
- Andry, A. “Social Europe in the Long 1970s: the Story of a Defeat.” Ph.D. dissertation, European University Institute, 2017.

- Anievas, A. *Capital, the State and War. Class Conflict and Geopolitics in the Thirty Years' Crisis, 1914–1945*. Ann Arbor: The University of Michigan Press, 2014.
- Armstrong, P., A. Glyn, and J. Harrison. *Capitalism Since 1945*. Oxford: Blackwell, 1991.
- Arrighi, G. *Adam Smith in Beijing: Lineages of the 21st Century*. London: Verso, 2009.
- Barca, L. *Cronache dall'interno del PCI, Vol. II: Con Berlinguer*. Soveria Mannelli: Rubbettino, 2005.
- Beckert, S. "American Danger: United States Empire, Eurafica, and the Territorialization of Industrial Capitalism, 1870–1950." *American Historical Review* 4 (2017): 1137–1170. doi:10.1093/ahr/122.4.1137.
- Bellofiore, R. "I lunghi anni settanta. Crisi sociale e integrazione economica internazionale." In *Le radici della crisi. L'Italia tra gli anni '60 e '70*, edited by L. Baldissara, 57–102. Rome: Carocci, 2001.
- Bellofiore, R., J. Halevi, M. G. Meriggi, and E. Masi. "Il presente come storia. Un incontro su Paul Sweezy." *L'ospite ingrato* 1 (2005): 197–236.
- Biven, W. C. *Jimmy Carter's Economy: Policy in an Age of Limits*. Chapel Hill: The University of North Carolina Press, 2002.
- Bloch, C. "La conception de l'Europe d'après les *Sozialistische Monatshefte*, 1905–1933." *Relations Internationales* 8 (1976): 295–311.
- Bonaiuti, G. "Oltre il governo del credito: Finalità e limiti nell'azione della Banca d'Italia negli anni Ottanta." In *Il ruolo della Banca centrale nella recente evoluzione dell'economia italiana*, edited by G. Nardozzi, 23–58. Milan: FrancoAngeli, 1993.
- Bonelli, Franco. "Il capitalismo italiano. Linee generali di interpretazione." In *Storia d'Italia, Annali, I. Dal feudalesimo al capitalismo*, edited by R. Romano and C. Vivanti, 1193–1255. Turin: Einaudi, 1978.
- Brecher, J. *Strike!* Oakland, CA: PM Press, 2014.
- Brenner, R. *The Economics of Global Turbulence. The Advanced Capitalist Economies from Long Boom to Long Downturn, 1945–2005*. London: Verso, 2006.
- Bussière, E. "Les tentatives d'une politique économique et monétaire." In *La Commission européenne 1958–1972. Histoire et mémoire d'une institution*, edited by M. Dumoulin, 405–424. Brussels: Communautés Européennes, 2007.
- Campus, M. "Il governo del 'vincolo esterno': Interazione, compatibilità e limiti del sistema economico italiano nella crisi degli anni Settanta." In *Nuove questioni di Storia delle relazioni internazionali. Studi in onore di Ennio Di Nolfo*, edited by B. Bagnato, M. Guderzo, and L. Nuti, 266–294. Roma-Bari: Laterza, 2015.
- Carli, G. "La partecipazione dell'Italia allo SME." *Prospettive Settanta* 4 (1978): 3–6.
- Carli, G. *Intervista sul capitalismo italiano*. Turin: Bollati Boringhieri, 2008. Interview with E. Scalfari.
- Carli, G., and P. Peluffo. *Cinquant'anni di vita italiana*. Bari-Roma: Laterza, 1993.
- Cavalieri, E. "Il prestito della CEE all'Italia del 1964: Storia di un aiuto mai concesso." Paper presented at the Sissco national workshop of PhD students in Contemporary History, Napoli February 23–24, 2006, [www.sissco.it/fileadmin/user\\_upload/Attivita/Convegni/StorieInCorso/paper\\_Cavalieri.pdf](http://www.sissco.it/fileadmin/user_upload/Attivita/Convegni/StorieInCorso/paper_Cavalieri.pdf)
- Ciocca, P., and G. Toniolo. *Storia economica d'Italia, 2. Annali*. Roma-Bari: Laterza, 1999.
- Coudenhove-Khalergi, R. V. *Idéalisme Pratique*. Vienna: Paneuropa Verlag, 1925.
- Crainz, G. *Il Paese mancato*. Rome: Donzelli, 2005.
- Crozier, M. J., S. P. Huntington, and J. Watanuki. *The Crisis of Democracy*. New York: New York University Press, 1975.
- De Cecco, M. "The EMS and Other International Monetary Regimes Compared." In *Prospects for the European Monetary System*, edited by P. Ferri, 25–35. London: Palgrave, 1990.
- Delaisi, F. *Les Contradictions du monde moderne*. Paris: Payot, 1925.
- Eich, S., and A. Tooze. "The Great Inflation." In *Vorgeschichte der Gegenwart. Dimensionen des Strukturbruchs nach dem Boom*, edited by A. Doering-Manteuffel, L. Raphael, and T. Schlemmer, 173–196. Göttingen: Vandenhoeck & Ruprecht, 2015.

- Flamigni, S. *Il mio sangue ricadrà su di loro.* *Gli scritti di Aldo Moro prigioniero delle Br.* Milan: Kaos Edizioni, 1998.
- Fodor, G. "I prestiti internazionali all'Italia nel 1964." In *Stabilità e sviluppo negli anni Cinquanta, vol. 1, L'Italia nel contesto internazionale*, edited by F. Cotula, 401–439. Bari-Rome: Laterza, 2000.
- Franzinelli, M., and A. Giacone. *Il riformismo alla prova. Il primo governo Moro nei documenti e nelle parole dei protagonisti (ottobre 1963–agosto 1964).* Milan: Feltrinelli, 2012.
- Fratianni, M., and F. Spinelli. *Storia monetaria d'Italia. Lira e politica monetaria dall'Unità all'Unione Europea.* Milan: ETAS, 2001.
- Garavini, G. *After Empires. European Integration, Decolonization and the Challenge from the Global South, 1957–1986.* Oxford: Oxford University Press, 2012.
- Gayon, V. "The OECD and the 'Crisis' of Keynesianism: The McCracken Report, 1975–1980." Paper presented at the European Social Science History Conference, Glasgow, 2012, [https://plone2.unige.ch/OECDhistoryproject/intranet/doc/Gayon\\_2012\\_ESSHCslides.pdf](https://plone2.unige.ch/OECDhistoryproject/intranet/doc/Gayon_2012_ESSHCslides.pdf).
- Giavazzi, F., and L. Spaventa. "Italy: The Real Effects of Inflation and Disinflation." *Economic Policy* 8 (1989): 133–171.
- Gigliobianco, A. *Via Nazionale.* Rome: Donzelli, 2006.
- Goodman, J. B. *Monetary Sovereignty. The Politics of Central Banking in Western Europe.* Ithaca: Cornell University Press, 1992.
- Gotor, M. *Il memoriale della Repubblica.* Turin: Einaudi, 2011.
- Graziani, A. *Lo sviluppo dell'economia italiana. Dalla ricostruzione alla moneta europea.* Turin: Bollati Boringhieri, 2000.
- Gualtieri, R. "L'impatto di Reagan. Politica ed economia nella crisi della prima repubblica, 1978–1992." In *Gli anni ottanta come storia*, edited by S. Colarizi, P. Craveri, S. Pons, and G. Quagliarello, 185–214. Soveria Mannelli: Rubbettino, 2004.
- Gualtieri, R. "L'Europa come vincolo esterno." In *L'Italia nella costruzione europea. Un bilancio storico (1957–2007)*, edited by P. Craveri and A. Varsori, 313–331. Milan: FrancoAngeli, 2009.
- Halevi, J. "The EMS and the Bundesbank in Europe." In *Finance, Development and Structural Change. Post-Keynesian Perspectives*, edited by P. Arestis and V. Chick, 263–291. Aldershot: Edward Elgar, 1995.
- Harvey, D. *The Limits to Capital.* London: Verso, 2006.
- Hitler, A. *Second Book. The Unpublished Sequel to Mein Kampf*, edited by G. L. Weinberg. New York: Enigma Book, 2006.
- Holtfrerich, C.-L. "Monetary Policy Under Fixed Exchange Rates (1948–70)." In *Fifty Years of the Deutsche Mark. Central Bank and the Currency in Germany since 1948*, edited by E. Baltensperger, 307–402. New York: Oxford University Press, 1999.
- Holtfrerich, C.-L. "Monetary Policy in Germany since 1948. National Tradition, International Best Practice or Ideology." In *Central Banks as Economic Institutions*, edited by J.-P. Touffut, 22–51. Cheltenham: Edward Elgar, 2008.
- Horkheimer, M. "The Jews and Europe." *Zeitschrift für Sozialforschung*, December <https://thecharnelhouse.org/2015/03/20/the-jews-and-europe/>
- James, H. *Making the European Monetary Union. The Role of the Committee of Central Bank Governors and the Origins of the European Central Bank.* Cambridge, MA: Belknap Press, 2012.
- Jouan, Q. "European Integration and the Paradoxical Answers of National Trade Unions to the Crises of Capitalism." *European Review of History: Revue européenne d'histoire* 26 (2019): 600–617.
- Jovane, A., and P. Guerrieri. "Le linee di politica economica per il rilancio dell'economia italiana: Un'analisi critica." In *La politica economica italiana degli anni '70. Un'analisi critica*, edited by P. Garonna, P. Guerrieri, A. Jovane, A. Lazzerini, and P. Leon, 79–104. Venezia: Marsilio, 1979.
- Kalecki, M. "Political Aspects of Full Employment." *The Political Quarterly* 4 (1943): 322–331.

- Kehoane, R. "Economics, Inflation and the Role of the State. Political Implications of the McCracken Report." *World Politics* 1 (1978): 108–128.
- Kuisel, R. F. *Ernest Mercier: French Technocrat*. Berkeley: University of California Press, 1967.
- Ludlow, P. *The Making of the European Monetary System: A Case Study of the Politics of the European Community*. London: Butterworth, 1982.
- McCormick, T. J. *America's Half-Century. United States Foreign Policy in the Cold War and After*. Baltimore: The Johns Hopkins UP, 1995.
- McCracken, Paul, et al. *Pour le plein emploi et la stabilité des prix*. Paris: Organisation for Economic Co-Operation and Development, 1977.
- Magri, L. *The Tailor of Ulm. Communism in the XXth Century*. London: Verso, 2011.
- Maier, C. S. "The Politics of Inflation in the Twentieth Century." In *The Political Economy of Inflation*, edited by F. Hirsch and J. H. Goldthorpe, 37–72. Cambridge: Harvard University Press, 1978.
- Maier, C. S. "The Two Postwar Eras and the Conditions for Stability in Twentieth-Century Western Europe." *American Historical Review* 2 (1981): 327–352.
- Maier, C. S. *In Search of Stability. Explorations in Historical Political Economy*. Cambridge: Cambridge University Press, 1987.
- Matusow, A. J. "Feature Review: Richard Nixon and the Failed War against the Trading World." *Diplomatic History* 5 (2003): 767–772.
- Mazower, M. *Dark Continent. Europe's Twentieth Century*. London: Penguin Books, 1998.
- Meyer, S. "An Economic 'Frankenstein': UAW Workers' Response to Automation at the Ford Brook Park Plant in the 1950s." *Michigan Historical Review* 28 (2002): 63–90.
- Milward, A. S. *The European Rescue of the Nation-State*. London: Routledge, 1992.
- Mourlon-Druol, E. *A Europe Made of Money: The Emergence of the European Monetary System*. Ithaca: Cornell University Press, 2012.
- Paci, M. *Mercato del lavoro e classi sociali in Italia*. Bologna: il Mulino, 1973.
- Paggi, L., and M. D'Angelillo. *I comunisti italiani e il riformismo*. Turin: Einaudi, 1986.
- Parboni, R. *The Dollar and Its Rivals*. London: Verso, 1981.
- Parboni, R. *Il conflitto economico mondiale*. Milan: ETAS, 1985.
- Peluffo, P. "Introduzione: 'Il cavallo non beve'. Dibattiti negli anni Sessanta su politica monetaria e programmazione economica." In *Guido Carli, Scritti scelti*, edited by P. Peluffo and F. Carli, V–LIV. Roma-Bari: Laterza, 2000.
- Petrini, F. "Demanding Democracy in the Workplace: The European Trade Union Confederation and the Struggle to Regulate Multinationals." In *Societal Actors in European Integration 1958-92: From Polity-Building to Policy-Making*, edited by W. Kaiser and J.-H. Meyer, 151–172. Basingstoke: Palgrave, 2013.
- Petrini, F. "Economia politica della crisi: Il vincolo esterno nella storia dell'Italia repubblicana." Paper presented at the annual Sissco conference: Cantieri di Storia, Padova, September 13–15, 2017.
- Petrini, F. "'Esportare, esportare, esportare'. L'economia italiana e il mercato comune europeo." In *La politica europea e italiana di Piero Malvestiti*, edited by C. Argiolas and A. Becherucci, 29–50. Rome: Edizioni di Storia e Letteratura, 2018.
- Phelps Brown, E. H. "A Non-Monetarist View of the Pay Explosion." *Three Banks Review* 105 (1975): 3–25.
- Pizzuti, F. R., ed. *L'economia italiana dagli anni Settanta agli anni Novanta*. Milan: McGraw-Hill, 1994.
- Polanyi, K. *The Great Transformation. The Political and Economic Origins of Our Time*. Boston: Beacon Press, 2001.
- Roberts, E. *Workers' Control*. London: Allen and Unwin, 1973.
- Rosenberg, J. "Isaac Deutscher and the Lost History of International Relations." *New Left Review* 215 (1996): 3–15.
- Ruggie, J. G. "International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order." *International Organization* 36 (1982): 379–415.
- Salvati, M. *Economia e politica in Italia dal dopoguerra ad oggi*. Milan: Garzanti, 1986.

- Smith, S. 1990. "The Workers' Rebellion of the 1960s." *Socialist Worker*, December <https://socialistworker.org/2011/08/26/workers-rebellion-of-the-1960s>.
- Soddu, P. *Ugo La Malfa*. Rome: Carocci, 2008.
- Sombart, W. *Why Is There No Socialism in the United States?* London: Palgrave, [1906] 1976.
- Szasz, A. *The Road to European Monetary Union*. London: Palgrave, 1999.
- Toniolo, G. "La crescita economica italiana, 1861–2011." In *L'Italia e l'economia mondiale. Dall'Unità a oggi*, edited by G. Toniolo, 5–51. Venice: Marsilio, 2014.
- Tooze, A. *The Wages of Destruction. The Making and Breaking of the Nazi Economy*. London: Penguin Books, 2006.
- Trentin, B. *La città del lavoro. Sinistra e crisi del fordismo*. Milan: Feltrinelli, 1997.
- Trotsky, L. D. *History of the Russian Revolution*. Chicago: Haymarket Books, [1932] 2008.
- Turone, S. *Storia del sindacato in Italia. Dal 1943 al crollo del comunismo*. Roma-Bari: Laterza, 1992.
- Van Apeldoorn, B. *Transnational Capitalism and the Struggle over European Integration*. London: Routledge, 2002.
- Varsori, A. *La Cenerentola d'Europa. L'Italia e l'integrazione europea del 1947 a oggi*. Soveria Mannelli: Rubbettino, 2010.
- Wright, J. *Gustav Stresemann: Weimar's Greatest Statesman*. Oxford: Oxford University Press, 2002.