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Seminar: “Public enterprises in Italy in a historical perspective 1861-2000” , 25 February 2015, 10:30-12:15, Via Conservatorio 7, Milano

The purpose of the conference, held on the 25th of March by Professor Bognetti, was the historical analysis of the Italian public enterprise, focusing mainly on the period between 1861 and 2000, thus overlooking recent developments. In order to better understand the evolution that public enterprises have had in Italy, it is crucial to point out the influence that the economic and political context have exerted on its evolution, in fact the results and quality of public enterprise are strictly related to the specific political power, the functioning of the public administration and, last but not least, the economic situation during a certain period.

The nationalization of enterprises, which took place between 1861 and 1900, was mostly aimed at controlling strategic economic industries, as a matter of fact, public enterprises were created in the siderurgical field and in the railway industries, moreover postal service, telegraph and telephone were also under the State's control since their functions were both vital and strategic.

From 1900 to 1919 municipalization spread through the country, in particular for two main reasons: the desire of controlling public service and the advantage of recording revenues for municipalities.

What stands out in the period that goes from 1921 to 1945 is the existence of mixed banking, a combination of deposit banking and investment banking. However, when the Great Depression began, the failure of enterprises also concerned the banks which were creditors of those particular companies, so the State, in order to avoid national collapse, decided to acquire the banks on the verge of bankruptcy, hence becoming itself a creditor.

In the post war years the system of state shareholdings was in charge of allocating 60% of the new investments in order to facilitate the infrastructure development of Southern Italy, but in spite of all the efforts, investments failed to create an autonomous economic activity, thus the economic gap between North and South did not cease to exist.

From 1965 to 1990 the system of government shareholdings suffered a crisis mainly due to wrong political choices as well as international developments (e.g chemical industry faced overproduction).

The last years of the millenium were years of major changes with regard to public enterprise, in fact a new concept spread around the world, more specifically neoliberalism along with the idea that public enterprise has been inefficient, therefore governments were more inclined to accept a ferocious privatization that proved to be, in some cases, the wrong choice (e.g TELECOM).

As seen above, choosing public enterprises over private ones has been determined by several factors such as: market failure, the intention of investing in industries considered more strategic than others and therefore in need of being managed by the State itself, rescue of private enterprises after bankruptcy, promotion of productivity and national development, financial leverage and fiscal policies oriented towards a precise industry in exchange for high interest rates.

To conclude, the Italian development regarding public enterprises has been certainly influenced by the State's will, even though some argue that the private contribution rather than the public one has been crucial to the development of the economy. The problem with privatization was the way they were carried out by the government and the subsequent loss the national economy had to face due to this inefficiency, which also regards public enterprises, since, in some cases, they have been likewise wrongly managed by the State.