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A “Statute of the Firm” as an antitrust law during the Seventies. Guido Carli’s chairmanship of the Italian Industrial Association (Confindustria)

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Abstract
This paper aims to highlight a newsworthy initiative built up by the Italian Industrial Association which tried to give the Italian economy a forerunner “competition law”; however, in the Seventies Italy proved incapable of tying itself with rules of conduct, which were substituted, empowering an “external constraint”. We will firstly provide an economic and historical-institutional framework of that period; we will then describe the making and the contents of the “Statute of the Firm”, together with a critical analysis on it; finally, we will report some critics around the debate on this proposal, and why the Statute was rejected by entrepreneurs themselves.

Keywords: competition, Guido Carli, Confindustria, role of the firm, pluralism, innovation, regulation, economic planning.

JEL Codes: B21, N44, N84, P11, P12.

Introduction
This paper aims to highlight a newsworthy initiative built up by Confindustria which tried to give the Italian economy a forerunner “competition law” which outlined in its principles the one we later obtained in the Nineties through the European Economic Community guidelines, in order to be within its framework. In the Seventies, Italy proved incapable of tying itself with rules of conduct, which were substituted, empowering an “external constraint”.

The historiography about Confindustria, although relevant, is not very thorough; it consists primarily of books by Bazzichi (2009) and Castronovo (2010), who set their work with a more historical, political and institutional leaning, marginally dealing with economic analysis. There are also several essays or articles especially centered on Carli’s chairmanship, pointing to stress in different disciplinary approaches regarding his civil servant method, undoubtedly a legacy of his

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Bank of Italy’s governorship. Last but not least is the book of Savona (2008) about the figure and work of Guido Carli at the helm of the Italian Industrial Association (henceforth, Confindustria). Overall, we used primary and secondary sources, both from scientific journals and newspapers, along with archival material, in order to reshape the route made by this document, especially by an economic viewpoint.

This issue is considered worthy of attention because it inquires a little known episode of Italian economic history; moreover, the literature mentioned above does a descriptive analysis over this document, thus allowing for a critical study – including a collection of the debate occurred – over this theme, which does not exist. These considerations are valid both in Italy and abroad.

We will firstly provide an economic and historical-institutional framework of that period; we will then describe the making and the contents of the “Statute of the Firm”, together with personal comments on it; finally, we will report some critics around the debate on this proposal, and why the Statute was rejected by entrepreneurs themselves.

The economic scenario

During the Seventies, Italy was hit by a dramatic economic crisis and stagflation; in 1976 Guido Carli, appointed chairman of Confindustria, tried to find a way out by suggesting a new path for growth and development. He thought firms should be free from government and bureaucracy “laces”, but at the same time asked them to run a fully transparent management; at the same time, rent-seeking positions and undue public intervention should be abandoned and firms should open themselves to national and international competition:

*A campaign for transparency had to be launched. Transparency of budgets, of shareholder base, of aids in all forms received by the State. When entrepreneurs had done this, they would have found again the moral authority to demand from politicians a not penalizing legislation, not humiliating, worthy of a modern capitalism*.

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2 Guido Carli was Governor of the Bank of Italy from 1960 to 1975.

3 For an analysis of Carli’s method and the reorganization of the Research Department within the Association see for example Dafano A. (2014).

This, he thought, was the only possible way to legitimate their requests to trade unions, parties and government, in order to overcome a framework of economic bust, low capital accumulation, inflation and unemployment; considering pluralism and competition as the main factor of economic and social development. Carli believed in firms as being driving forces of innovation and growth⁵.

Since that period the burdens created by non-competitive behavior along with the helpful but inefficient expansion of the State and the constraints on firms’ activity, had limited Italian growth, based on an export-led model; their negative effects were instead balanced, more or less, by an overall positive economic trend⁶.

The “hot autumn” wage struggle⁷ in 1969 allowed the drafting of the Statute of Workers⁸ but it started a higher inflation context due to an increase in labour cost; the collapse of the Bretton Woods system in 1971 allowed an increase in wages by firms, looking at the devaluation mechanism as a parachute for their profits, that even government often used as a shortcut to gain export competitiveness but at the expense of the balance of payments⁹. Finally, the increase in oil prices during the first half of the Seventies had stopped that positive trend, increasing raw material and procurement costs, along with the role played by the wage indexation mechanism to the cost of living, renowned as sliding scale, which in 1975 was unified among workers of different sectors abolishing wage differentials, with obvious explosive consequences on inflation¹⁰.

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⁵ See for example Bolacchi G. (1978) and Azzolini R. (1980).

⁶ This positive result was also due by the less constrained small firms, in terms of both labour force flexibility and administrative/trade unions burdens.

⁷ During that period workers claimed for more purchasing and bargaining power inside firms; as a consequence, trade unions benefited from it becoming worthier and pivotal.

⁸ This law provided for workers’ living standards and dismissal along with legal protection.

⁹ After the demise of the Bretton Woods system, most of the EEC countries agreed, in 1972, to maintain stable exchange rates by preventing exchange rate fluctuations of more than 2.25% (the European “currency snake”); the Italian lira was left out of the system due to its high rate fluctuations until, in March 1979, the snake was replaced by the European Monetary System.

¹⁰ The sliding scale agreement of 1975 was signed by Confindustria (at that time the president was Agnelli, owner of FIAT, one of the Italian largest private companies) and trade unions, in order to leave the purchasing power unchanged. For an analysis of this period, see as an example Nardozzi G. (ed) (1980).
The stagflation led to a 20% inflation in 1975, a fall in investment\textsuperscript{11}, in GDP and to a large balance of payments deficit; the Bank of Italy replied with restrictive monetary policies to curb inflation, whereas the government increased public spending around 40% to help the supply side through State owned firms, worsening public debt over 60%.

As a matter of fact, we can notice a substantial difference between 1969-1973 and 1973-1980. The first period had deep industrial relations adjustments, economic policy was mainly restrictive and profit was tightened; the framework was that of a slacked demand, fixed exchange rates, rapidly increasing wages. However, employment remained mostly stable because firms replied with decentralization of production without innovating themselves and government by raising public spending. During the second period, the 27% depreciation policy of 1976 allowed some profit margin, but flexible exchange rates meant giving more attention to capital in- and outflow; in this way public spending could not be used indiscriminately any more, whereas the balance of payments equilibrium gained a central role.

At the end of Seventies public transfers to firms were 3.5% of GDP, more than the major European countries; State owned firms were strongly boosted by the government, a ruinous policy that brought along mismanagement and corruption, because the priority of reconstruction of the post WWII had been reached. Over this decade, the constant variable was the government inability to start a long run stabilization policy, opting for a short run “amendment culture”, thus leading to inflation and debt increase\textsuperscript{12}; it was also stressed that our type of “mixed” capitalism was a result of many compromises between interest groups and parties, thus creating an unintentional order of things without deep reforms\textsuperscript{13}.

In Italy, family management always prevailed even within large firms; for example, 29 private firms had about 34% of the entire capital share and less than 100 manufacturer firms on 60 thousand had over 40% of total export. State owned firms\textsuperscript{14} could rely on a management strictly linked with the government and budget flexibility because of their helpful and social goals; during 1977, their losses were about 6 thousand billion liras\textsuperscript{15}. Large firms could also rely on easy credit

\begin{itemize}
  \item[\textsuperscript{11}] Together with the practice of money transfer abroad by private firms.
  \item[\textsuperscript{12}] See for example Salvati M. (2000).
  \item[\textsuperscript{13}] See for example the interpretation given by Barca F. (ed) (1997).
  \item[\textsuperscript{14}] For example the giants IRI, ENI, ENEL, respectively the reconstruction, hydrocarbons and electricity enterprises.
  \item[\textsuperscript{15}] See Castronovo V. (2006), pp. 475-479 and 495-500.
\end{itemize}
term, obtained without any evaluation of creditworthiness, because it was strongly party oriented; moreover, financial system was not yet an alternative advanced channel of capital collection compared to the banking system16.

The behavior of Confindustria along past decades should also be stressed. During the Fifties, the vision of the Confederation rejected any idea of a driven allocation of resources, since the social benefits of investment were measured just by their productivity; moreover, public intervention was seen as market and risk distortive, a substitute to private firms. In summary, the problem of accumulation was seen by market dimension and constraints in availability of saving. During the Sixties, entrepreneurs feared nationalization that could decrease financing opportunities and positively increase workers’ bargaining power; the central problem revolved around the income distribution, deriving from a rapid growth and investment depletion, bringing about a social conflict. So the goal seemed to be a profit recovery, directly linked with new investment possibilities.

The vision of the Confederation during the beginning of the Seventies was in continuity with the past, but with the stronger need to stabilize relationships inside factories and with a different and more open-minded approach to public intervention, it was seen as a strategic tool for a new and structural development model17.

Carli was aware that entrepreneurs had their fault within stagflation; he thought competition was the main way to exit the crisis occurring in Italy18. This was the only development model which he positively considered to protect and guarantee wealth for Italian people. By Carli’s memoirs we can understand his point of view: legislative inflation, State overload, with spillover effects in improper sectors and lack of it in proper ones, such as education, infrastructures, security and the administration of justice:

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16 See Ciocca P., Toniolo G. (eds) (2004), pp. 438-447. Moreover, in 1946 Mediobanca was created as a merchant bank charged with the responsibility to direct savings towards productive investments, thus overstepping the stock exchange market.


18 It is to say that Carli proposed to convert firms’ debt into market stock portfolios that would have to be managed by the banks, in order to place them in the financial market; however, this project was later abandoned because of the proper transparency that would have brought to the detriment of entrepreneurs who were against it. See Recanatesi A. (1976).
It had emerged in all evidence that the Italian problem was the coincidence of excessive State in improper areas, and a shortage of State in areas attributed primarily to it. We slipped into the regressive corporativism, in crushing the national market in many oligopolistic markets, with entry rules which were often hidden and illegal.\textsuperscript{19}

Competition was also in response to decades of economic planning that showed difficulties in passing dualism between Northern Italy and Southern Italy\textsuperscript{20}; according to Carli’s opinion, policies in favour of underdeveloped Southern Italy failed due to the fact that their aim was to solve effects (employment and income) but not the cause (productivity)\textsuperscript{21}; for example, law n. 675 of 1977 about industrial renovation and re-conversion showed barriers and caused a loss in confidence in sectoral planning\textsuperscript{22}.

It is in this context that Carli thought of a “Statute of the Firm” proposal, born as a political document to gain consensus, first of all among Confindustria’s heads, to give back confidence and push the entrepreneurial basis.

According to him, the awareness of the virtues of competitive markets also had a link to the adaptive feature shown by the Italian ruling class during post World War II; this was because Italian post WWII economic history faced the Bretton Woods system, the European Economic Community Treaty, GATT (General Agreement on Tariffs and Trade); those turning points created new challenges for firms, both in terms of loss in rent-seeking positions and in lowering costs and prices that were too high, nonetheless firms succeeded in facing them as opportunities\textsuperscript{23}.

Carli, as chairman of Confindustria, always asked the trade unions to shelve the idea of wage as an independent variable, distinct from productivity\textsuperscript{24}; he was obviously aware that entrepreneurs had to change themselves first hand, in order to gain reliability for their proposals. In his opinion,


\textsuperscript{20} See for example Carabba M. (1977).

\textsuperscript{21} See Carli G. (ed) (1977). Here we can find a Ricardian scheme where productive workers are strictly linked with efficient firms, and together they fight against resource wastefulness.

\textsuperscript{22} This failure was mainly given by cumbersome bureaucracy in starting administrative procedures, partly allowing a renovation, but not a complete re-conversion.

\textsuperscript{23} See for example Carli F. (ed) (2014).

\textsuperscript{24} It is to be remembered that in February 1978 trade unions, aware of the dramatic nature of the crisis, proposed a wage restraint in exchange of an economic policy that supported development and defended occupation; this change of route is known as “EUR’s turn”, due to the place where trade unions conference occurred.
the Italian economy showed a serious competitive gap for 2/3 of GDP, and within this framework firms did not innovate shifting production and labour costs on prices, due to a large presence of State owned firms and private oligopolistic markets that could afford to forget efficiency\textsuperscript{25}; in that way, industries stopped new market entry, also creating inflation by a wage-price vicious circle.

Overall, in Carli’s opinion, entrepreneurs had to face modernity and “rules of conduct”, whereas trade unions had to give up with evanescent wage achievements; public opinion had to quit with the idea of the entrepreneur as an exploiter, whereas government and parties had to remove burdens to private investment, giving back profit expectations to the entrepreneurs. All of this in order to set Italy on a long-term growth macroeconomic trend\textsuperscript{26}.

\textbf{The Statute’s structure}

Carli received the chance to work on a “Statute of the Firm”\textsuperscript{27} from the Minister of Industry Donat Cattin\textsuperscript{28}, who noticed that firms wanted to be free from public constraints (bureaucracy and taxation), and said to Confindustria that he would have considered its attempt to flank a “Bill of Rights” of firms next to the “Statute of Workers”\textsuperscript{29}.

\textsuperscript{25} This situation was given on the one hand by a lack of regulation to counter protectionism, on the other hand by a biased legislative intervention that strengthened monopolistic power, net of the natural tendency of incumbents to preserve the \textit{status quo}.

\textsuperscript{26} See for example Mucci A. (1977).

\textsuperscript{27} The Statute got back from the 1970’s Pirelli Report written by Leopoldo Pirelli (owner of a large tires company) at that time vice-chairman of Confindustria, which stressed the importance of a more ethical and cooperative relationship between entrepreneur and worker.

\textsuperscript{28} Government was guided by Christian Democrats but Communists, the main opposing party that during the last polls had almost reached the majority, decided to let the former govern, aware of the crisis Italy had to face. Enrico Berlinguer (Communist party) and Aldo Moro (Christian Democrats) were the main supporters of an open door policy between their parties, the paradoxical “parallel convergences”; in 1978 the latter was kidnapped and killed by Red Brigades for his civil commitment. This was an episode of the so-called “Years of Lead”, a period of socio-political turmoil in Italy that lasted from the late 1960s into the early 1980s, marked by a wave of terrorism.

\textsuperscript{29} Donat Cattin was seen as an enemy of entrepreneurs (because he was one of the authors of the Statute of Workers, indeed he was ironically labelled as Minister of workers, instead of labour), so probably this proposal was born with the aim of gaining consensus from them; whereas Carli obtained the help of Luciano Lama (president of trade unions Confederation) to write the Statute, and he also strategically wanted Senator Medici (president of ENI) in Confindustria.
In his memoirs Carli said that he positively accepted the call by Minister of Labor Donat Cattin to draw up the guidelines of a Statute of the Firm pulled alongside the Workers’ one30; he also asked the president of Assonime (the association of Italian joint-stock companies) to draft a legislative proposal in order to introduce and regulate competition in the Italian economy.

The Statute had three editions, in order to increase consensus among Confindustria basis and all public opinion. The first one was drafted by Carli himself, it is dated June 1978, and Carli said to jealously preserve the blue binded number 1 proof copy31; this first version is untraceable, but it contained transparency management rules, in order to guarantee an anti-monopolistic conduct both for public firms (of a helpful nature) and a private one (of a collusive and abusive nature)32.

A first temporary version was published in November 1977; otherwise Carli’s version, the other drafts had a plainer, clearer and less technical language, because they were meant for a different audience, being thought of for presentation to trade unions, parties, government and public opinion. It is to say that the theme of the role of the firm within society was stressed at first during a conference organized by Confindustria at Portofino Vetta in 1977, where several speakers took part, in order to test the availability and the relevance given to this topic33.

The first part of the Statute is an introduction including a “statement of intents” – i.e. a planning statement – followed up by a handbook of the features of an ideal society (referring to the Italian Constituency) and by rules explaining the relationship between firm and society, in order to let the firm become the essential instrument for civil progress. The reference and the connection to the Constituency was strategically carried out to ideally co-operate and recover consensus from the Communist party, necessary for government to work towards a shared democracy based on a broader majority that recognized private accumulation and legitimacy of profit, necessary to resume growth and for economic stabilization.

After this statement, there is a kind of manifest about the role of firms inside society:

executive committee, so as to establish a balance between private and public firms, especially because public firms did not belong to Confindustria but to Intersind, substantially including them in this project.


31 Ibidem, p. 373.


33 Proceedings are collected in 1978’s Rivista di politica economica, 68 (3). See also Carli G. (1977b).
[... ] the relationship between society and firms are fields of evaluation and negotiation of the terms and conditions necessary to make the needs of economic development with social objectives democratically defined. In this perspective, the firm acts as a vital tool for social progress, as it gives the maximum contribution to the growth of general wealth of the country and it does so through its own specific way of working. It must be characterized by efficiency and innovation. Firms of this kind [ ... ] turn out at the same time a powerful tool for social change in the name of modernization and the only structural basis, historically known and theoretically identified, of social pluralism and therefore of political freedom

Here we can find a not totally convincing direct relation between the firms’ way of working and the general wealth. It is true that firms were vital and played a key role within a free modern society; however, saying “maximum contribution” and “the only structural basis, historically known and theoretically identified” was an overstatement, not only because it put aside the role of government in setting social objectives or in helping entrepreneurs, but also because it was implicitly restoring the productivity-sociality binomial as we have seen during the Fifties, a biased or at least incomplete view. What is the direction of modernization and social change? It is understandable the relevance of pluralism, but it is not pointed out what type of modernization Confindustria meant, just talking about “general wealth”.

The foundation of the document was preceded by an indication of two essential habitats/backgrounds for the firms’ survival and free operation (legitimating and functional). With the legitimating/cultural habitat, Confindustria meant that competition had to be fair, and protests or strikes were not to be destructive, both in comparison with capital accumulation and activity paralysis:

The best suited habitat to ensure firstly the survival of businesses, and then a new phase of intense development, must be based on a cultural and a political climate that “admits” the existence of the enterprise and its way of working (legitimizing context).

Within this legitimizing context:

- The firm lives in a competition which is not wild and destructive, but fair: respect of precise and objective game, market and plan rules, and constant trend to development and to participation;
- The destructive forms of protest against the owner are outdated as the residue of a past in which workers did not benefit of any form of self-protection or social protection;

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34 Carli G. (1977c), p. 49.
• All forms of violence are banned from social conflict for which forms of confrontation and non-destructive competition must be found, within the codes of conduct at the height of the civil and cultural progress achieved by the country;
• In performing the right to strike, the need to avoid any form of protest that can lead to destruction of fixed capital or the paralysis of essential services to the whole of society is taken into account.\

While pointing out the fairness of the firms’ behaviour and the research for co-operation was reasonable and fundamental, the sentence “forms […] must be found […] within the codes of conduct at the height of the civil and cultural progress” seems a little bit vague, because it does not exclude an income distribution conflict that could exist even in a modern country. For example, what if the codes of conduct and the way of working of the firm would lead to income polarization? Even a modern or an advanced society could be unequal in terms of wealth: the Statute did not provide for it.

With the functional/institutional point, Confindustria meant that the firm had to be free from excessive charges, had to have free access to resources, and had to be free from public measures that could favour some firms to the detriment of others:

The habitat should also be the result of an economic-legislative regulation required to guarantee to firm the access to resources and the ability to organize them efficiently (functional structure).

The functional structure:

• Liberate the company from all those charges, constraints and requirements that do not have the aim of guidance for the private sector and businesses for general purposes, but only the purely political control of private effort;
• Delete all measures which, if originally appeared to be designed as to achieve certain social or public objectives, have now become breeding grounds for privileges of various kinds.\

The objection here is that it seems implicit that a firm would work for social purposes only, but the Statute did not stress the difference between development and progress, putting them together. For example, what is the meaning and/or the yardstick of the quality of life? Even assuming a coherence among economic variables and the behaviour of interest groups, should it be followed

35 Ibidem, p. 49 ss.
36 Ibidem.
only in the short run in order to exit the crisis or as a structural long run paradigm? While the concept of development has an economic feature, progress has a cultural one; the Statute did not clarify it and it did not well specify – consciously or not – the model and/or the social structure to reach.

There were then 22 groups of actions divided into 5 necessary conditions: competition, transparency, relevance, effectiveness, governance. Here it can be noted that the aim was giving back to the entrepreneur the governance of his firm, deciding on resources and their utilization, but maintaining the right for trade unions and public opinion to be aware and updated on entrepreneur management.

1\textsuperscript{st} condition: competition

All firms, regardless of size, legal form and on the nature of public or private capital, must have free entry to the market and must be placed on an equal footing, in terms of possibilities in utilizing the more operative area and the existing resources, without artificial obstacles created by the same companies or imposed by the public authorities or otherwise without privileges that would result in discrimination or distortions of their business activity […]

With this first condition, competition, Confindustria meant that every firm, public or private, had to get equal treatment (in terms of taxation, failure and financial opportunities), in order to guarantee pluralism; the ultimate goal of the firm was income production, necessary for its being. This condition would have been implemented also through further regulatory achievements in order to defend firms from abuses that could arise among them.

2\textsuperscript{nd} condition: transparency

Clearness and availability of relevant information about the business set-up […]

The second, transparency, meant the right to know and information about budgets, management and/or help from the government. It was necessary to respect fairness among firms and confidence of public opinion in order to attract investments. Transparency was a crucial point but in the end it

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\item[37] Ibidem, p. 50 ss.
\item[38] Ibidem.
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would have been implemented with a voluntary disclosure, not compulsory; obviously, this completely changed this condition.

3rd condition: pertinence

Firms should be charged only by relevant charges, namely connected to a service actually rendered and still commensurate with the service actually provided, thus removing penalties and barriers that exist today in the productive activity. [...] 39

The third, relevance, or pertinence/scope, meant that firms had to incur only costs for a given service, not as an obstruction or disadvantage in their productive activity; in this way, for example, entrepreneurs would have had the certainty that the sliding scale of wages would not have increased beyond the planned increases, not admitting further aggravations on balances. This condition also stressed the importance to be in line with the EEC framework, in terms of wages and taxation.

4th condition: efficiency

Compliance with market rules in terms of factor mobility in accordance with the needs of organizational structure and production activity. The economic validity of individual productive initiatives requires that each company can follow their physiological development and then be born, grow, shrink, or even retire from the market. [...] 40

With the fourth, effectiveness, Confindustria meant a results/costs ratio which could also contemplate the failure of a firm. Efficiency meant environmental sustainability and financial independence, where public intervention was allowed only in the case of measures in favour of every company or for extraordinary development goals. It was important to guarantee payments among firms and from public administration providing for sanctions in the case of hampered production. The doubt here is the social cost of a failure in terms of workers, most of all in strategic sectors; a failure could not be a problem if labour market rigidities is low, which was not a feature of the Italian market in that period, most of all in large companies where the Statute of Workers performed better.

39 Ibidem.

40 Ibidem.
5th condition: governance

a) Giving back mobility and flexibility to labour […]

b) Overcoming wage automatism and improper social charges […]

c) Reviewing the arrangement of industrial relations […]

d) Rationalizing legislative and administrative activity regarding labour issues […]

With the last one, governance, Confindustria meant the entrepreneur competence in allocating workers and investments (all in all factor mobility), rationalisation of the labour market, going beyond the idea of wage as an independent variable from productivity. The main problem here is the “coherence and compatibility” among accumulation, investment and employment, so that industrial relations should only have answered to it; within this framework, an explanation of the crisis different from high labour cost seemed to have been avoided, considering only a reduction in it plausible, without facing the “how much profit to the entrepreneur is the right one” theme. It is true that one of the main goal at that time was to restart accumulation, but nothing is said about a duty to reinvestment of profit.

The Statute, in its ultimate version, also provided for a Committee/Commission, established by the Parliament, with control and supervision powers, in order to settle free market and punish abuses of dominant position or collusion among firms, completing one of the action to be made within the first condition of the past version42.

Anyway, it is important to note that Carli was not adverse to public intervention, but he did not want an indiscriminate support of demand, or unproductive jobs created by politicians in order to gain eligibility or by trade unions in order to achieve untargeted and messy income redistribution. Public intervention had to be planned only in order to increase capital accumulation, innovation and pluralism (even an institutional one); “laces” had deteriorated entrepreneurial factor itself, generating an adverse selection and an “ability bias”, therefore favouring the less skilled and inefficient. Through his speech addressed to the Association Meeting on 6th May 1980, Carli would strongly point out his belief:

\[I \text{ believe that market economy, guided by government, opened to the rest of the world, constitutes the only framework in which the defence of individual freedoms be reconciled with social progress.}\]

41 Ibidem.

I believe that a market economy does not exist without institutional arrangements that define the rights and obligations of the State, trade unions, firms, citizens. I believe that these arrangements are incomplete in our country.43

Carli’s point of view regarding pluralism was another cornerstone of his thought; in his opinion, pluralism was a regulated conflict among different interests, necessary to guarantee economic and especially social innovation and progress, and to avoid a steady state. Within this framework, the firm was considered as the key engine that allowed to create and/or change society, where decentralized decisions were a sign of liberty against interest groups’ preservation or enhancement.44

Here, perfect competition is an abstract model to reach, even through the help of public intervention45, but primarily among a general consensus:

According to Carli the neoliberal hypothesis assumes the sense of committing political power and social counterpart to the reconstitution of the accumulation mechanisms, solving the problem of the legitimacy of the central role of business in the concept of technological innovation as essential to the survival of a dynamic pluralism. Paradoxically, this view seems to suggest a kind of business that is legitimate rather than as an economic instrument, as a guarantor of the political system. [...] according to Carli the drastic cure for the liberation of the enterprise from “laces” assumes that the consent of social partners in the economic measures finds a ratification in regulations supported by a large parliamentary base: neo-liberalism should be based on a consociational democracy.46

The Statute’s impact

The “Statute of the Firm” caused a deep debate among the main speakers: government, parties and trade unions.


44 See for example Bolacchi G. (1978a) and Bolacchi G. (1978b).

45 Carli G. (1979a).

46 See Pirzio Ammassari G. (1981). It is useful to remember Carli G., Peluffo P. (eds) (1995), where his complex economic thought, that swung from neoclassical to keynesian, reknown as “Faust’s two souls”, is highlighted; nevertheless, during the period taken into exam, the former was surely more relevant.
First of all, there was general consensus about the need for a *magna charta* of the firm, which set its rights and duties; however, the main critics were essentially about its basic assumptions and economic-philosophical principles\(^{47}\).

It is important to underline that Confindustria met all the Italian parties which were aware about the need for a legislative intervention about the regulation of firms; in particular, scholars or politicians, even if they belonged to different schools of thought (such as Nino Andreata, Giorgio La Malfa, Luigi Spaventa, Claudio Signorile, Franco Reviglio among others), highlighting the necessity of revitalizing firms, so they were aware of the existence of bureaucratic “laces” bearing upon them\(^{48}\).

Minister Donat Cattin, during a workshop at the Turin Industrial Association in 1977, stressed that Italian status hung between a free market economy and a planned one, but he left the burden of an agreement on the Statute to Confindustria and the trade unions; whereas Carli hoped and asked for a total collaboration of the government, indeed he suggested to shift negotiations to CNEL (National Council for Economy and Labour) hoping for a wide majority and a democracy based on pacts which could include every speaker.

Minister of State Shareholding Bisaglia pointed out the centrality of employment and that trade unions were understandably interested and worried mainly about it, rather than the liberty of the firm; but he also stressed that the Statute could be a way to avoid the collapse of the Italian industrial system, so as not to change Italy into a complete dirigisme\(^{49}\).

It is also useful to highlight that the Christian Democracy party, that led the government during those years, set its economic goals a little bit deviously: it wanted an entrepreneurship development, collective organization and lower labour costs (in aid of accumulation); it also agreed to a trade union as a planning actor in order to boost development\(^{50}\). From a political point of view, it has been analysed that, although Italy was governed by a party which was not the direct, organic representative of the capitalist class, Confindustria preferred bargaining with it rather than opening up to the Communists\(^{51}\).

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\(^{47}\) Ferrari D. (1977\(^{c}\)); see also D’Adda G. (1977).

\(^{48}\) Editorial (1977\(^{a}\)).

\(^{49}\) See Editorial (1977\(^{b}\)) and Alò C. (1977\(^{a}\)).

\(^{50}\) See Alò C. (1977\(^{b}\)).

\(^{51}\) See Amyot G. (2004), pp. 95 ss. See also Martinelli A. (1980).
The President of the Turin Industrial Association, Benadi, agreed with Carli’s opinion, and he also pointed out the value of public opinion and workers as the main recipients of the Statute; a cultural change was essentially about the matter of private property, profit and risk as key factors of growth and development, not as a constraint factor to them.

Trade unions asked for more control inside firms, especially on investment decisions and profit share, they did not accept a role merely based on the right to be advised, leaving the power to discretionally decide about factors of production to the entrepreneurs. In their opinion, investment could be just one of the possible means of growth; they instead focused the attention on a different division of labour, substantially maintaining real wages unchanged; they were against the possibility of failure of a firm because of the expense of workers. Moreover, productive decentralization was seen as an attempt of firms to gain back control over labour, diverting from central planning and from the duties entrepreneurs had towards workers; the minimization of trade unions and workers towards a role of simple consultants was simply anachronistic. According to them, Confindustria tried to cover the same old ideologies with the veil of cultural refinement, forgetting that during the Sixties economic positive trends were achieved by an increase in labour productivity, via wages.

However, the main objections to the Statute were obviously argued by intellectuals, scholars and politicians who belonged to (or revolved around) the Communist party and the left wing in general. These arguments were basically carried on because they thought entrepreneurs were not credible. They always accepted, during Italian history, public intervention and they would have never rejected it, for example in terms of provision of credit facilities and workers’ income assistance during unemployment; entrepreneurs took advantage from it, creating consumerism and workers exploitation. Furthermore, if left alone, they were considered unable to recover the economy.

There was another paradigm Communists tried to defend; in their opinion, through the Statute, Confindustria wanted to change the meaning of the Italian Constitution, in a sense that assumed liberty of the firm and private effort as an individual right, as a right of personality; but, at the

52 See for example Epifani G. (1978).

53 See for example Editorial (1977c); see also Amato G. (1979).


56 Baldassarre A. (1977), in particular p. 25 ss.
same time, Confindustria had a safeguard thanks to a guaranteed area of public intervention, protecting entrepreneurs (not workers) from bankruptcy.

On the contrary, the Italian Constitution (art. 41-43) gave more importance to social welfare than to the private one, and more significance to community than individuality; so they asked for more control inside firms and a “shared planning” which could protect national solidarity, in opposition to wealth concentration and consumerism. It was necessary to give up with the “economic method” in order to accept an idea of the firm as a “social institution”\textsuperscript{57}.

Constraints existed to guide market forces through socio-economic development. It was something physiological; burdens existed because the lack of a unitary vision of economic problems allowed \textit{stop and go} and contingent policies. Bureaucratic “laces” were necessary for democracy and were therefore legitimate for firms, which operated inside a complex system\textsuperscript{58}.

Market failures were not only a consequence of State intervention shortcomings, but primarily an entrepreneurial incentive to create them, indeed our legislation had to be strengthened rather than reduced.

Whereas Confindustria pointed out that distortions created by public intervention could be solved with less regulation and that firms’ efficiency could coexist with democracy, for the left wing the crisis of capital accumulation did not have a State origin, but an entrepreneurial/political one: business leaders made arrangements with the Christian Democracy party in order to share capital and votes. The suggestion of an antitrust Authority was another political (not social) way to control the economy, so it would have meant going ahead towards corruption and collusion.

In the end, the Statute was only pure rhetoric, because neo-liberal thought, which inspired it, did not consist of liberalism, but it was neo-statalism; Confindustria, within this framework, only wanted neo-statalism to protect its industries, removing public finance (along with control, welfare and democratic planning) from the economy\textsuperscript{59}.

Moreover, debates inside Confindustria were also high pitched so the Statute could not become its official policy: entrepreneurs were angry about the article of the Statute which abolished State improper aid, but, if it was adopted, it would have avoided the menace of the EEC’s penalties\textsuperscript{60}. Furthermore, in his memoirs Carli stressed that the so-called “Tangentopoli” event (due to the habit


\textsuperscript{58} See for example Del Punta V. (1978), in particular pp. 327-338.

\textsuperscript{59} See for example D’Albergo S. (1979\textsuperscript{a}) and De Luca P. (1979).

of giving bribes) during the Nineties, highlighted “laces” among parties and firms; against the EEC sanctions to national protectionism, this event created a “deeper domestic protectionism” in order to damage competition:

The enthusiasm almost took me not to realize that I would have found myself soon completely alone in that initiative. The operation of transparency I have proposed would have suddenly revealed how much public was in private, how much protectionism was hidden in the depths of Italian capitalism [...] times of policies were not yet ripe to implement these ideas, which would have been accepted during the Eighties under the whip of EU directives [...] the failure of that initiative showed that, unfortunately, our country still needed “external constraint”.

In 1979, Confindustria will also try to carry on the idea and the principles of the Statute, within the larger framework of the other European countries’ Industrial Confederations through a European Firms’ Manifest. It recalled the essential role played by European institutions in promoting much more towards the new community and partnership; however, this initiative had no concrete aftermath.

Donat Cattin himself, who formerly launched this proposal, did not consider the Statute as a “competition law” but as a summary document; nonetheless, the Minister of Industry Bisaglia underlined the importance of the document and in 1979 within his Relation on the status of Italian industry stressed the need to approve it, together with the relevance of not interrupting capital accumulation.

Concluding remarks

Political instability was a key factor of the period taken into exam; including all the left wing, as trade unions, were fragmented: they were aware that Italy had to experience a third way that denied the identity between capitalism and a free market, but they did not propose a unique alternative;

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they often switched from an imperialistic feudal vision of the system to an enlightened top-down State\(^64\).

At the end of the Seventies, Socialists, the second largest left wing opposing party, gave an anticommmunist turn to their action, claiming the leadership of the Italian left wing\(^65\), acknowledging and guaranteeing private effort and economic liberty, but always within a political management of economy; Carli noticed it during his 1978’s speech to the members of Confindustria:

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\ldots \text{the interdependence between an economy moved from decentralized decisions and an orderly society according to the principles of parliamentary democracy by discussion has become more accepted. This acknowledgement was given \ldots by the Italian Socialist party; after years of uncertainty around the vision of an advanced society, this party has recognized that a market economy and social progress are not incompatible.}\(^66\)
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The majority of entrepreneurs considered Carli’s proposals too focused on general interests instead of Confindustria’s ones: as a civil servant, we have seen that Carli tried to ask for common social projects instead of lobby ideologies.

However, analysing the structure of the document, many incoherences came out.

First of all, the reduction of “laces” on firms, in order to start again accumulation, was shared among most scholars and society. Entrepreneurs did not prove to be ready to give up their privileges or the major risks occurring during the crisis, where a compulsory disclosure should have been the mainstay of their change; secondly, the Statute did not resolve, once and for all, the relationship with trade unions, thus highlighting a conflictual theory of income distribution, as it did not overcome the productivity-sociality binomial, trying but ultimately not settling the entrepreneur-worker dichotomy; thirdly, it could not settle two development models, namely the first one where capitalism-firm determined their means of commodities and even commodities themselves, and the second one that assumed the entrepreneur just as an official of production in order to make the supply efficient and innovative, where politics instead had to determine the demand for goods; fourthly, Authority was an essential tool used to improve competition, but it should have been of

\(^64\) See for example Peschiera F. (ed) (1994); see also the debate about the role of the firm in *Democrazia e diritto* reported within the references.

\(^65\) See for example Colle B. (ed) (1980) which contains conference proceedings by CESEC (the economic Research Department of the Socialist party).

\(^66\) Carli G. (1978\(^b\)), p. 10.
technical and not political derivation in order to be independent and more persuasive for the audience.

Finally, it is also realistic that in this period of crisis, Italy probably needed more “social duties” rather than “economic rights” by firms and while the Statute defined the rights of firms precisely, it was less severe in terms of their duties.

Anyway, a Statute of some sort was never adopted, even with different features from the one proposed by Confindustria, perhaps missing a good chance to give our country a different state of the art. In this way, Italy proved incapable of tying itself with rules of conduct and during the Nineties, Italy received an antitrust legislation due to the European Union, accepting and empowering an “external constraint”.

References


