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## **A False Start? British Perspectives on Italy's Participation in the Early Phases of the European Economic Integration Process: The Case of the OEEC (1948–1952)**

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### **Abstract**

This article examines how Anglo-Italian relationships unfolded in the aftermath of the Second World War within the framework of the Organization for European Economic Cooperation (OEEC). By analysing Italy's participation in the early stages of the European integration process through the lens of British diplomacy, this contribution aims to shed new light on the international dimension of Rome's post-1945 political and economic strategies. First, the article considers the main concerns that characterized Italy's involvement in the OEEC activities between the late 1940s and the early 1950s: the promotion of the circulation of the intra- and extra-European manpower and the liberalization of trade and payments. Second, rather than making a 'classic' comparison between the divergent policies – particularly the internal and international economic programmes – that Britain and Italy pursued within the OEEC, this article highlights the extent to which an 'asymmetry of power' impacted Italy's ability to realize its strategies. To conclude, the essay assesses how bilateral and multilateral relationships in the OEEC arena mutually contributed to the shaping of Italy and Britain's patterns of post-WWII economic reconstruction.

### **Introduction**

The end of the Second World War and the ensuing reshaping of international relations left the European continent in a paradoxical situation. On the one hand, after 1945 Europe had to face the dreadful outcomes of the war in terms of a general economic prostration, which necessitated a restoration of both its industrial and trade circuits that had been shaken by the military conflict. On the other hand, as a consequence of their political fragility and the parallel rise of the new blocs represented by the US and the USSR, Western European nation states – such as Britain, France, and Germany – could no longer act as the pivotal powers of the global order, but suddenly became the epicentre of what would then be called the Cold War confrontation.<sup>1</sup> Indeed, the Old continent's main countries were rapidly turning into a twofold battlefield, where the need to stimulate post-war economic reconstruction overlapped with the spread of a far-reaching clash between capitalist liberal-democracies and the emerging experiences of Eastern 'real socialism'. Not only did this East-West split offer two different politico-economic responses to the immediate challenges of the post-war period, but it also played a role for almost five decades in moulding the main ideological frameworks within which the international system's actors outlined their strategies and goals. As far as the whole Western bloc was concerned, thanks to the implementation of both the 'containment' doctrine<sup>2</sup> and the European Recovery Program (ERP), better known as the Marshall Plan,<sup>3</sup> Washington obtained the space to promote a hegemonic stance over the transatlantic area that would give rise to a long season of waxing and waning mutual interdependence between the two shores of the Atlantic.<sup>4</sup> Regarding Western Europe, this strategy came into being through the creation of the Organization for European Economic Cooperation (OEEC<sup>5</sup>), established in Paris on 16 April 1948 with the aim of managing, together with US authorities – namely the Economic Cooperation Administration (ECA) –, the distribution of ERP resources<sup>6</sup> among those sixteen European countries<sup>7</sup> that participated in the four-year (1948–

1952) aid programme. Starting with these preliminary observations, this article will reflect on the role played during the early phases of the OEEC by one of its most active, though, as we will see, less 'effective' (in terms of political influence) founding countries: Italy.<sup>8</sup> However, instead of simply looking at what Italy promoted and obtained through the OEEC negotiations, this contribution will explore how the largest OEEC economic and nation-state actor, Great Britain,<sup>9</sup> perceived Italy's involvement in the early OEEC activities and, consequently, how London conceptualized its relationships with this 'minor power' <sup>10</sup> in the broad context of the emerging European integration process. In doing so, this article will illuminate the international dimension of Rome's presence within the OEEC through the lens of Britain's attitude towards one of its most challenging – in terms of political and economic differences – Mediterranean partners.

At this point, it is necessary to clarify that, in order to grasp the very features of what has been called the 'British perspective' on Italy's participation in the OEEC, this article does not rely upon a rigid conceptualization of Britain's 'national interest' towards Italy's involvement in the European integration process. In contrast, one of the aims of this contribution is precisely to demonstrate how the historical evolution of international economic relations rarely follows the mechanic automatisms of monolithic and even teleological national interests. In fact, with respect to the case-study of post-Second World War Britain, a number of scholars have shown that multiple actors of the national administration pursued divergent strategies in the context of post-war Europe. For instance, Effie Pedaliu explores the conflicts that arose between the Foreign Office and the Board of Trade over managing Anglo-Italian trade relations between 1945 and 1948.<sup>11</sup> In addition, Stephen George demonstrates that Britain's post-1945 foreign policy was deeply affected by the way in which the country developed its own narrative about the 'world order' which had long been determined by London (at least since the end of the Napoleonic era) but threatened to be completely overturned by the outcome of the 1939–1945 global conflict. It cannot be forgotten that London's pivotal position in the nineteenth and early twentieth centuries, together with its imperial legacy, inevitably contributed to creating British diplomatic elites' 'habits of mind' in coping with the post-1945 European integration process.

Consequently, as noticed by George,

for over a century, British policy-makers had been in the habit of looking at British external policy, including economic policy, in terms of how it would contribute to the maintenance of world order. This global perspective was reinforced by Britain's imperial role. As the rulers of an empire 'on which the sun never set', the makers of British policy had to consider the whole of the world in their calculations of what constituted the national interest [...] indeed, European affairs held a relatively minor position in their perceptions, except when continental European states threatened to disrupt the world order set up and maintained by Britain.<sup>12</sup>

If it is so, it is necessary to highlight the multifaceted nature of the concept of national interest when focussing on not only on twentieth-century Britain (or Italy) but also on the whole system of contemporary international relations. Indeed, according to Francesco Petrini, who reflected on the historiographic heritage of Alan Milward's 'European Rescue of the Nation State', <sup>13</sup>

Milward's hypotheses remain the only overall historical interpretation of European integration with consistency and strength, in spite of some weakness. In my opinion, their

weakest point is not, as stated by many, their excessive state-centric bias, but, instead, their disregard for a precise definition of the identity of a nation State, namely the subject that would have been 'rescued' by European integration [...] It is now difficult to accept the idea of an objectively defined national interest, a concept much criticised in theoretical debates in International Relations. Hence the problem is to deconstruct the concept of nation State so as to identify the concrete political, economic and social structures that [European] integration was supposed to guarantee. In other terms, the task is to reflect on how the European Rescue of the Nation State has been articulated in each single national case.<sup>14</sup>

This article first approaches the Anglo-Italian relationship through the lens of London's analysis of Italy's post-war national and international reconstruction programmes; it also considers Rome's early proposals at the OEEC. The focus of the analysis will then shift to Italy's main concerns in the immediate aftermath of the OEEC launch, that is, manpower circulation and trade liberalization. In this respect, Britain's response to Rome's endless pressure to place its own conceptualization of a twofold scheme of 'liberalization' – from people to goods – at the top of the OEEC agenda will be fully taken into account. Finally, this article will show to what extent Britain continuously conceived of Italy as a 'tiresome', although necessary, international partner, despite sharp diplomatic cleavages over how to cope with the ongoing challenges of the European economic integration process. Even though Italy was not a crucial partner for either the Labour or Conservative early post-war cabinets, the political and economic asymmetries that informed Anglo-Italian relationships epitomized a number of contradictions – and related effects – that would impact the shape of the OEEC and the early phases of the European project as a whole.

### **Processes of international re-legitimation: British concerns on Italy's early initiatives in the OEEC**

In the aftermath of the Fascist regime's defeat and the end of the Second World War, Anglo-Italian relationships were largely affected by a number of issues that had permeated the diplomatic and military confrontation between these two countries during the war and even the prewar period. First, the management of the former Italian colonies in Africa (Eritrea, Somaliland, Libya, and Ethiopia)<sup>15</sup>; second, the rebalancing of Italy's influence within the Mediterranean after the collapse of Mussolini's imperial strategies; and third, the war's outcome and the negotiations for the peace treaty.<sup>16</sup> Moreover, by 1946–1948, the outbreak of the Cold War and the worsening of East-West diplomatic relationships paved the way for the increasing relevance of defence concerns among leading Western powers (such as the US and Britain) that finally led to the signing of the Brussels Pact and to the negotiations for the subsequent Atlantic Treaty in 1949.<sup>17</sup> However, following its disastrous experience in the war and realizing the political inconvenience of participating in large-scale programmes of rearmament – due to the aggressive and nationalistic foreign policy undertaken by Mussolini's regime, as well as the financial burdens that such efforts would entail in the context of post-war reconstruction –, Italy decided to explicitly mark its role in the early steps of the European integration process by emphasizing, first and foremost, the economic elements of its new international stance.<sup>18</sup>

Nevertheless, both the legacy of the harsh military opposition between Italy and Britain during the Second World War and the recognition of a blatant asymmetry of power between their military, defence, and territorial ambitions in the immediate post-war era do not offer an exhaustive explanation for the evolution of the Anglo-Italian political and economic relationships. It is also

necessary to stress, even briefly, to what extent the politico-economic orientations of the two cabinets – as for Britain, the Labour government led by Clement Attlee between 1945 and 1952; as for Italy, a moderate-conservative coalition hinged on the pivotal role played by the Christian Democracy Party (DC) and its leader, Alcide De Gasperi<sup>19</sup> – moulded their respective responses to the challenges of the post-war reconstruction, either domestically or externally.

With respect to post-war British internal politics, the Labour government concentrated its efforts on the implementation of four main goals: a far-reaching programme of nationalizations that involved not only industries, but also the Bank of England; the creation of a welfare state system (among its many achievements would be the establishment of the National Health Service); achieving full employment; and the transformation of the old British Empire in what would then become the Commonwealth.<sup>20</sup> Without going into the details of Labour's domestic or foreign policies, it ought to be noted that Attlee's programmes were undertaken during a period of continuing economic difficulties that dated back to the war. The post-war Britain's well-known 'Age of Austerity', which implied 'a policy of severe economic restraint and rationing',<sup>21</sup> lasted until the Marshall Plan fully came into force in 1948. Furthermore, this 'age' marked a restrictive approach to Britain's domestic reconstruction that somehow converged with Italy's own economic agenda.<sup>22</sup> Even though the most accurate Italian historiography has already demonstrated how inappropriate it would be to label Italy's economic policy as ideologically 'liberal' from 1945 to the end of the decade,<sup>23</sup> it is true that both countries undertook a similar programme of domestic restrictions. However, if Britain managed these restrictions within a political framework that ultimately lead to the full employment target – an accomplishment which was indeed one of the leitmotiv of the successful Labour electoral campaign in 1945<sup>24</sup> –, Italy's governmental and economic elites mostly sought to preserve the lira's stability, to restore the balanced budget, and to guarantee internal as well as international financial reliability. Such a deflationist policy did not entail structural concessions – in terms of wages, taxation, and the welfare system – to trade unions and the working class. On the contrary, until the mid-1950s Italy's industrial relations were characterized by high levels of massive lay-offs and political repression (against communist and socialist activists) within the factories.<sup>25</sup> In this respect, the antithetical outcomes of the somehow converging domestic economic policies undertaken in both Britain and Italy were quite evident.

As far as Italy's economic policy was concerned, Rome put aside any hypothesis of Keynesian macroeconomic stimulation (deficit spending, internal investments, and full employment policies) and the economic supervisors of De Gasperi cabinets – from Luigi Einaudi,<sup>26</sup> dean of the Italian liberal economists, to the Governor of the Bank of Italy, Donato Menichella<sup>27</sup> – chose to deal with post-war economic reconstruction by adopting a sharp deflationist economic programme. They sought to set up anti-inflationary measures, to squeeze public expenditure, salaries and consumption, and to support an export-led growth scheme. Moreover, they promoted massive emigration flows as a way to tackle high internal unemployment rates, where around two million people were unemployed and two million further were considered underemployed.<sup>28</sup> Consequently, in order to reduce its internal labour force surplus, Rome sought to reach 832,000 permanent expatriations during the Marshall Plan time-frame<sup>29</sup> by taking advantage of the financial and diplomatic tools – such as bilateral and multilateral agreements on migration – that the US aid programme was supposed to provide to its European participants. Not by chance, all these goals were placed at the centre of the Italian long-term programme (1948–1952)<sup>30</sup> submitted to the OEEC in autumn 1948 with the aim of highlighting the specific economic

measures that Italy, in coordination with all the other OEEC member states' long-term programmes, intended to undertake in order to make use of the Marshall Plan funds.

Indeed, in September 1948 in the Italian Chamber of Deputies De Gasperi presented the economic programme that his government would pursue both internally and in the framework of the OEEC. Commenting on De Gasperi's speech, the British authorities singled out two principal linchpins around which the Italian programme was conceived: '(a) to make economies in budgetary expenditure and to increase revenue and (b) to revise the incidence of taxes and duties to favour the production and export'.<sup>31</sup> On the one hand, Britain's representatives stressed how vague and insecure the figures of the Italian economic programme seemed to be at that time; in doing so, London correctly identified one of the structural weaknesses that affected Italy's postwar economic reconstruction, that is, 'the lack of a modern and updated system of statistical surveys'.<sup>32</sup> On the other hand, London hoped that, rather than concentrating its principal efforts on the fulfilment of the balanced budget, the Italian Government would also promote a set of consistent investments, so as to stimulate a robust cycle of internal growth that would emancipate Italy's reconstruction from the all but unlimited ERP funds.<sup>33</sup> As far as the Italian long-term plan was concerned, the UK representatives to the OEEC once again observed the extent to which the Italian programme '[was] an extremely well-produced document so far [as] one can judge without expert knowledge of the statistics involved'. Nonetheless, if a reflection on the economic compatibility between the Italian and the UK plans was necessary, London argued that

it looks as if the UK Programme and the Italian programme will conflict in many of the same ways as do the French and the UK Programmes [... ] In the case of Italy, however, the doubt that the Italian Government will be able to carry out this plan, if the conditions are met, is nothing like so strong as it is in the case of [ ... ] France.<sup>34</sup>

Beyond the alleged conflict between the UK and the Italian programmes, London's scepticism of Italy's international economic strategies originated from the unpredictable conditions that were necessary in order to render the Italian plan feasible. Indeed, according to the British embassy in Rome, the key elements that underpinned Italy's internal and international reconstruction were: (i) Italy's assumption that the American aid would be delivered on a large scale for the duration of the four-year programme; (ii) the fact that Rome took into account only the beneficial aspects of its participation in the Marshall Plan and overlooked any possible side effects brought about by the US aid programme (i.e. America's and the OEEC's attempt to steer Italy's internal economic policy towards specific targets); and (iii) the exclusion of the repayment of any of Italy's war reparations.<sup>35</sup> It could be argued that the uncertainty of these preconditions pushed UK authorities to view the Italian document more as wishful-thinking than as a reliable economic programme. Above all, what would have made the British authorities suspicious, with respect to the early Italy's initiatives in the OEEC, was the launch of an 'action plan' for the strengthening of the European integration process signed by the Italian Minister of Foreign Affairs, Count Carlo Sforza, in autumn 1948.<sup>36</sup>

The 'Sforza Plan' entailed placing the OEEC at the centre of the continent's integration process by turning it into a permanent organization, thus widening its reach to social and cultural aspects of European political life. This shift was evident in the creation of a 'political committee that would examine international political questions', and in the implementation of a Court of Justice that would deal with all the juridical controversies that could not be resolved 'by direct diplomatic

contacts'.<sup>37</sup> More importantly, the plan would push forward the European integration process by following Italy's prevailing diplomatic strategies, which sought to strengthen the OEEC – an institution openly backed by the US and focussed on technical matters that appeared alien from military concerns. In doing so, Italy aimed to support an institutional arena in which Rome would enjoy a level of alleged diplomatic parity with its major European partners. Of course, London rejected Sforza's proposal for a number of reasons. First and foremost, Britain disliked transferring a set of political tasks to the OEEC, deeming it inappropriate for an organization whose political structure the Foreign Office considered 'far too diverse and too scattered geographically to form a coherent political union'.<sup>38</sup> Such an interpretation obviously reflected London's own fears of the loss of its 'exceptional' centrality – its autonomy and full sovereignty in the political, military, and economic realms – within the Western context in favour of a cooperative and intergovernmental institution that had been created, as was perceived at the time, in the wake of US foreign policies concerns. In an 'analogous but inverted' <sup>39</sup> vein to Italy's diplomatic strategies, Britain saw the OEEC as a lever to shape a model of European integration that would explicitly go hand-in-hand with the British hope of preserving its influence in the Western arena. Although the efficacy of the Sforza Plan was clearly doomed to be hindered by negative British reactions, London realized that it was not unlikely that the general spirit of the plan could obtain the support of other little- to medium-sized delegations within the OEEC, who might be more interested in steering the OEEC's major undertakings towards the targets listed by Italy than towards the preferences of a preponderant power such as the UK. For all these reasons, as noticed by Effie Pedaliu, 'the Foreign Office moved to strangle the Italian proposals at birth', and finally it succeeded in this goal, but 'at [the] cost' <sup>40</sup> of slowing down the already lopsided process of European economic integration.

### **Next steps: looking for manpower outlets**

From the very beginning of post-war European negotiations regarding the Marshall Plan, the De Gasperi government made endless diplomatic efforts to gain strong international support for Italy's main economic concern: in short, exporting manpower in order to soften internal unemployment rates. This entailed the opening up of available territorial outlets for Italy's massive number of internally unemployed citizens. Even before the creation of the OEEC, Italy's requests had been issued in the framework of the Committee of European Economic Cooperation (CEEC, the institutional precursor of the OEEC).<sup>41</sup> The CEEC was held in Paris from 12 July 1947 to 22 September 1947 in order to formulate an immediate response from the Western European countries to the 'offer' made by the Americans through the famous speech<sup>42</sup> of the US Secretary of State, George C. Marshall, on 5 June 1947, which would lead to the ERP. At the end of the CEEC, Italy's delegation obtained formal approval to set up an international conference on issues related to manpower, set to convene over the following few months. The conference was held in Rome during January and February 1948 and led to the establishment of the European Migration Committee (EMICO). However, since Western European countries pursued highly divergent labour programmes on national level, finally the EMICO proved to be a powerless institution. At first, Italy hoped that the EMICO and the other conference's final resolutions would bind together the migration programmes of all the participating countries, pushing national governments to tackle the issue of labour circulation at a multilateral level which would ultimately facilitate Italy's need to 'spread' its manpower surplus throughout Western Europe. The UK delegates to the conference expressed their disappointment over Italy's migration strategies, since Rome's emphasis on the EMICO would imply in their opinion, a reduction of the institutional and political purview of other



international organizations already charged with supervising European labour flows, such as the International Labour Organization (ILO)<sup>43</sup> and the CEEC itself.<sup>44</sup> In addition, the very by-product of Italy's manpower policies served, at that moment, to increase pressures upon Britain's and France's willingness to make their overseas territories – especially the unused agricultural areas<sup>45</sup> – available to significant numbers of unemployed Italians. Britain was also 'anxious to avoid having Colonial questions raised at this conference',<sup>46</sup> since these negotiations would involve a country – namely Italy – with which London was experiencing serious territorial controversies at that time.<sup>47</sup> Indeed, Sforza's request to steer a part of the Italian manpower surplus to the British territories in North Africa provoked the negative reaction of the UK ambassador in Rome, sir Victor Mallet, who observed that

Count Sforza, who is the first to admit that he has no detailed knowledge of economic subjects, may be setting his hopes too high under the influence of grandiose projects of 'Europeanising' Africa like that in the Italian Government's memorandum.<sup>48</sup>

Nevertheless, by early 1948 the British authorities noticed sensible improvements in Italy's approach to its general stance towards the OEEC as a whole. If, according to Mallet, Italy's 'tendency in early 1948 was to rejoice in a condition of most-favoured mendicant', one year later the British ambassador stressed how the participation in the OEEC and the need to set up an organic and coherent programme of economic reconstruction had benefited the Mediterranean country both in terms of diplomatic 'education' and financial recovery.<sup>49</sup> These statements clearly reflected the depth British scepticism towards Italy's attitudes about its early involvement in the OEEC and the Marshall Plan; moreover, Mallet's words signalled the very rehabilitative (if not punitive<sup>50</sup>) nature of British perspectives on Italy's re-integration into the 'club' of post-war Western powers. Britain's doubts on Italy's management of its OEEC representatives were then re-invigorated by the appointment of Roberto Tremelloni, member of the Italian social-democratic party (Partito Socialista dei Lavoratori Italiani) and the former general responsible for the Marshall Plan's management in Italy,<sup>51</sup> as head of delegation in February 1949. A general disappointment with Tremelloni's ability to deal with the political dimension of the Marshall Plan's management in Italy had been already expressed by one of the prominent OEEC Italian delegates, Attilio Cattani, who claimed that 'Mr. Tremelloni [... ] had an exceedingly good grasp of the whole subject but was not quite tough enough in dealing with difficult [Italian] ministries'.<sup>52</sup> In addition, when Tremelloni replaced the Christian Democrat Pietro Campilli<sup>53</sup> as head of the Italian delegation to the OEEC, Mallet observed how Sforza – also backed by the UK Chancellor of the Exchequer, Stafford Cripps – would have preferred to see another Italian socialist and economic-expert, Ivan Matteo Lombardo, as the major Italian representative to the Paris Organization.<sup>54</sup> However, since the Prime Minister De Gasperi seemed inclined to rely first and foremost on Tremelloni's expertise, it could have been hard for Sforza or other government members to openly support an alternative candidate without risking the potential for harmful political dissents within the Italian cabinet. Nevertheless, as far as the British point of view was concerned on this issue, the Foreign Office would not have disapproved of count Sforza as the new head of delegation, since in its opinion such a decision would have significantly reinforced the resonance and the weight of OEEC activities in Italy. According to Mallet, in fact,

while Signor Tremelloni is well versed in Italy's economic affairs, his political influence in the Government is very limited and his appointment as Italian delegate to the OEEC in

place of Carlo Sforza will tend to weaken the influence of OEEC over Italy, whatever its more general effect may be.<sup>55</sup>

Beyond the actual feasibility of Sforza's appointment as head of the delegation, it is interesting to note the extent to which Britain considered the increasing and mutual involvement between Italy and the OEEC highly decisive, while at the same time London did not mask its progressive political dissatisfaction for an international organization which, according to Britain's representatives, should be limited to mere technical tasks.

By late 1949, Anglo-Italian relationships were newly dominated by a confrontation over Italy's migration needs. Only a few months earlier London had contributed to halting Italy's hopes of facilitating its manpower surplus' outflows until the Foreign Office slightly altered its general attitude towards this matter. Indeed, on the one hand, the general policy adopted by the Home Office, whose representatives 'were more loath to consider admitting Italians into this country [the UK] than any other nationality', was put into doubt.<sup>56</sup> On the other hand, a form of self-criticism emerged due to London's opposition of a request of additional \$32.5 million that Italy had just addressed to the ECA and the OEEC in order to support its migration purposes.<sup>57</sup> Such opposition, according to the Foreign Office, originated from Britain's underestimation (both technically and politically) of Italy's real unemployment rates, which, especially in the South, reached large-scale proportions. With this underestimation, London risked not fully considering the side effects that the menace of massive unemployment could generate for the social and political stability of De Gasperi's government. In order to prevent such an outcome, British diplomats suggested supporting Italy's requests in the field of migration.<sup>58</sup> This would also be in line with London's interest in preventing social unrest as well as dissatisfaction with the government.<sup>59</sup> However, Rome's hopes for new territorial destinations for its excessive labour force were hampered, according to the UK embassy in Rome, by the lack of specifics regarding its manpower such as skill, age, and specialization. These details would allow Italy's administrative offices to recruit suitable candidates for its emigration programmes, since receiving countries searched for labour based on such criteria. Thus, the embassy asked the UK delegation to the OEEC to update its position on Italy's migration strategies and to back, at least partially, Italy's requests.<sup>60</sup> However, the UK's position at the OEEC was far more intransigent than that of the embassy. UK delegates argued that the only solution would be to spread the Italian manpower surplus (mainly composed of unskilled workers) throughout Latin America, since Italy was not pursuing any policy of internal full employment. The Western European destinations – the UK, France, Belgium, and the Netherlands – were basically unfit to host the number of expatriations expected by the Italian cabinet. Furthermore, UK representatives to the OEEC called for closer cooperation between Italy and international organizations, such as the ILO and the UN Economic Commission for Latin America (ECLA), that were charged of managing migration issues on a large-scale. On the contrary, the British embassy in Rome spurred the Italian (and, in parallel, the UK) representatives to the OEEC to take into account other opportunities beyond the simple Latin American solution. According to Britain's diplomats, in fact, several European metropolitan areas, such as the suburban zones of Paris, would probably need a large-scale influx of manpower for local infrastructural reconstruction programmes. In doing so, Mallet and his collaborators sought to criticize the common opinion that viewed Italy as simply relying on its partners' benevolence in order to gain any relevant international concession to its requests in the domain of migration. Therefore, Mallet outlined that

The Italians themselves are not content merely to wring their hands and ask other nation to solve their problem. If they appear to adopt this attitude it is because there are so many steps in the development of emigration which can only be taken after the essential first steps have been taken by would-be recipient countries in notifying not only a general possibility but particular demands by age, trade and qualification. When these are known the Italians are quite prepared to go all out to meet the demands, and in particular to send forward a good type of qualified worker who will in time counteract the prejudices against the Italians which undoubtedly exist.<sup>61</sup>

Continuing his reflections on how Britain should re-articulate its official positions on the issue of Italy's manpower circulation, Mallet argued that

many of [Italy's] official efforts have been frustrated by the inexorable fact that the demand for Italian workers in other countries does not find expression in practical schemes of recruitment and transport [ ...] I venture to suggest that our approaches to the Italian Government should be encouraging rather than exhortatory.<sup>62</sup>

Although Mallet's concerns with Italy's manpower issue can be understood in light of his direct collaboration with the Italian authorities in Rome, it is worth noting that, as early as 1950, the UK's approach towards Italy's requests appeared less monolithic than may be expected. This multifaceted attitude can be found in a detailed reflection on Italy's migration programmes completed by the British embassy in Rome in February 1950. Indeed, a few months earlier the Italian delegation to the OEEC had been awarded \$11.3 million by the ERP authorities to support Rome's ambitions to send to Latin America increasing quotas of Italian unemployed, especially day labourers and farmers. In response to this specific funding – of which only \$1.3 million would come from the Marshall Plan's technical assistance resources, while the remaining part was to be drawn from Italy's own Treasury funds<sup>63</sup> –, the British embassy in Rome explained that Italy's financing demands were less exorbitant if compared to the \$32.5 million requested from the OEEC in late 1949.<sup>64</sup> In addition, UK officials estimated that the management of this specific funding programme would be accomplished using a three-part scheme. First, Italy would negotiate with Latin American countries to determine to which rural areas Italian labour force could be sent. This would require setting up an Italian diplomatic task force that would collaborate with local authorities, as well as officials from Italian embassies and consulates in order to identify the areas and obtain formal concessions to use these territories for the resettlement of Italian workers. Then, in a second phase, titled 'Technical Assistance Stage' and funded by the \$1.3 million provided by the ERP authorities, a task force would create a sort of 'pilot organization with the necessary buildings and equipment' in order to host the labour force and to begin the projects of rural settlement. Finally, in the third phase, named 'Development stage' and supported by Italy's internal resources, Rome's projects of rural exploitations would be implemented and developed. Beyond the mere descriptions of Italy's migration programme, the UK representatives also acknowledged that the Italians had become much more 'sober and realistic' in their attitude towards international circulation of manpower.<sup>65</sup> If, on the one hand, this transformation seemed to originate from the disheartening outcomes of the previous diplomatic attempts undertaken by Italy in the OEEC as well as in many other international arenas (from the ILO to bilateral migration agreements<sup>66</sup>), it was also the result of the blatant failures that Italy had to face in Rome's repatriations figures – from both Europe<sup>67</sup> and Latin America<sup>68</sup> – and in the decreasing number of

workers' emigration requests. In sum, by mid-1950 Britain praised Rome's reluctance in fostering 'the wild hopes which are so easily aroused in Italy' around migration plans that, essentially, lacked feasibility. In fact, the British embassy in Rome noted that '[the Italians] have learnt from recent disappointments'.<sup>69</sup> However, only two years later Britain would again have to deal with Italy's latest pushback against the OEEC migration policies: Malagodi's plan.<sup>70</sup>

In March 1952, the president of the OEEC Manpower Committee and future leader of the Italian Liberal Party, Giovanni Malagodi,<sup>71</sup> was appointed as Chairman of a new OEEC Working Party (WP) which focussed on manpower liberalization. The WP was established in the wake of the outbreak of the Korean War, which pushed NATO authorities to put pressure on Western European governments – and, consequently, on the OEEC – to improve their efforts in the field of rearmament.<sup>72</sup> This, of course, entailed an in-depth reshaping of the coordination between Western Europe's national labour markets, which were scattered thanks to diverging national economic goals. Indeed, there were both countries committed to the fulfilment of full-employment targets (like Britain) and other member states that pursued balanced budgets and deflationist strategies whose by-product, as in the Italian case, was the increase in unemployment rates. The need to harmonize these national discrepancies and optimize Western Europe's industrial performance led the OEEC to call for a plan which would spur the liberalization of manpower circulation. Such a far-reaching strategy clearly fit with Italy's well-known migration policies. As Federico Romero has pointed out, it was not by chance, then, that the Italian delegation to the OEEC set up a 'complete, systematic and quite astonishing programme for linking its partners into a multilateral framework of interdependence whose essential feature was an automatic progress towards integration'.<sup>73</sup> In brief, Malagodi's plan would prompt an irreversible process in which national sovereignty would lose its dominance in the domain of labour policies through the following steps: (i) each member state would accept a fixed quota of external labourers who would be provided work contracts or hosted by relatives while looking for a job; (ii) these quotas would be increased every two years and then totally abolished within ten years when a definitive system of free manpower circulation would replace it; and (iii) the new quotas would not substitute those already established in the framework of previous bilateral agreements but would be added to them. According to Romero,

the plan implied a complete break with the very concept of a national labour market: it explicitly aimed at depriving governments of their control on immigration. By superseding the receiving countries' authority to regulate manpower flows with that of an international body, the political goal of full employment was to be uplifted from a strictly national to a Europe-wide objective. The OEEC would gradually assume some direct responsibility for Italy's unemployment.<sup>74</sup>

How did the British authorities react after Malagodi's plan submission? Of course, London (and many other delegations, such as the Belgian, the Dutch and – to some extent – the French) appeared quite shocked over the possibility of losing national sovereignty over emigration and immigration flows. Labour policies' management notoriously represented a key element in the realization of national economic programmes and, moreover, were a fundamental issue in electoral campaigns. It seemed simply unrealistic that Italy's partners – with the exception of West Germany,<sup>75</sup> which was interested in solving the problem of foreign post-war refugees still displaced throughout its national territory – would agree on such a far-reaching overturn of their

national sovereignty. Additionally, because of Italy's evident self-interest in the extension of manpower circulation rights, as evidenced by their attempt to use the multilateral framework of the OEEC to soften their manpower burden, Rome was accused by its OEEC partners of considering European workers to be no more than 'merchandise'.<sup>76</sup> Ultimately, Malagodi's plan was rejected. It was replaced by a less 'ambitious' Code of Liberalization, proposed by the French delegation and approved in October 1953, which consisted of a 'partial simplification and standardization of the existing national rules on work permits, and it brought little if any liberalization'.<sup>77</sup> To sum up, it is clear that the British delegation to the OEEC, together with its main partners, clearly refused to back Italy's 'extreme' request to give an inter-governmental body like the OEEC (or, rather, to the market supply chain) the prerogative to manage manpower flows across Western Europe. This happened both as a result of the disagreements on national level concerning whether or not the OEEC should be considered the most suitable institutional body through which to implement the process of European economic integration. The rejection of Italy's proposal also occurred because of the emerging friction, if one looks at the Anglo-Italian case, between two irreconcilable needs in the domain of migration policies; given its full-employment targets and the relatively little need for permanent foreign manpower, Britain, did not 'expel' – as conversely Rome tried to do – its unskilled labour from its national borders. Putting it very roughly, Western Europe did not demand as much manpower inflow as Italy had hoped for, and, in the very end, as admitted by the OEEC itself, Italy had to recognize that there was nothing like a real 'European labour market'.<sup>78</sup>

### **OEEC trade liberalizations and the UK turn around**

In parallel with the management of issues like the intra-European and extra-European circulation of the labour force, by late October 1949 the ECA administrator, Paul Hoffman, delivered a statement to the Council of the OEEC with which he aimed to push member states' governments to take a step forward in the process of integrating the Western European markets.<sup>79</sup> Given the unsatisfactory levels of intra-European trade exchange that had registered since the early stages of the Marshall Plan, Hoffman's 'integration speech' <sup>80</sup> sought to pre-empt America's dissatisfaction with Western Europe's hesitant commitment to the establishment of a truly integrated internal market. In this respect, Hoffman also sought to thwart two related threats: on the one hand, the lowering of ERP funds as a consequence of US disappointment with ineffective European efforts towards market integration; on the other hand, the disengagement of Western European countries from the effort to remove trade barriers and reach the highest possible rates of internal liberalization. Consequently, following up on Hoffman's concerns, the OEEC put two measures into effect that aspired to stimulate intra-European trade performances. First, by December 1950 the OEEC countries would remove 50 per cent of the quotas that regulated national private trades in the fields of agriculture, raw materials, and finished products.<sup>81</sup> Second, and more importantly, the OEEC would promote the establishment of the European Payments Union (EPU<sup>82</sup>) in September 1950.

The EPU (1950–1958) was a sort of 'clearinghouse' that facilitated intra-European trades by allowing national central banks to balance reciprocal credits and deficits by means of a complex system of multilateral compensation.<sup>83</sup> Even though the complete convertibility of national currencies would only be accomplished in 1958, the EPU – which worked under the supervision of the Banks for International Settlements and included all the OEEC member states – allowed the

use of national currencies as a way to repay reciprocal monetary imbalances within a specific range (attributed by the EPU board to each country) of credit or debit exposure. Once a nationstate exceeded this range, its credits and debts must be covered through payments in dollars or gold. This system accelerated the restoration of a regime of full convertibility among Western currencies (dollar included) and, as for the OEEC area, fostered intra-European trade exchanges and payments.<sup>84</sup> Above all, the EPU aimed at binding together all the OEEC member states within a pattern of progressive and arguably irreversible process of trade liberalization. As indicated, countries with structural credit positions – such as Italy, whose post-war economic pattern was driven by a combination of export-led growth and internal monetary tightening, which finally brought high external surplus rates to its balance of payments – had to cope with nationstates affected by persisting debit balance of payments, as in the case of Britain, where the Labour cabinet undertook an opposite programme of economic reconstruction built on deficit spending, internal full-employment, and military efforts.

However, Italy's and Britain's strategies for reaching the OEEC and EPU goal of full intraEuropean liberalization did not completely diverge. Indeed, soon after the delivery of Hoffman's speech, the British delegation to the OEEC noticed that Italy's liberalization policies were still waiting for the new general customs tariff to be fixed, which would finally be agreed upon several months later at the General Agreements on Tariffs and Trades (GATT) round held in Annecy, Switzerland.<sup>85</sup> Nevertheless, Britain assumed that Italy, crafting its OEEC lists of liberalization, was unlikely to include those products – such as manufactured goods – that, especially within the Italian internal market, had typically benefited from high national tariff protections.<sup>86</sup> London's representatives had the general impression that Rome would proceed very cautiously towards a path that would ultimately dismantle its national trade barriers in order to avoid undermining Italian private industry interests. Such an impression was partially confirmed by the announcement of the 'Italian Memorandum for European Economic Integration' in July 1950.<sup>87</sup> This plan, signed by Italy's Treasury Minister, Giuseppe Pella, was the Italian response to the earlier 'European economic integration plan' submitted to the OEEC by the Dutch Foreign Affairs Minister, Dirk Stikker.<sup>88</sup> If the latter entailed a process of liberalization that would put aside the protection provided by an external European tariff and proceed with an 'industry-by-industry' pattern – that is, each industrial sector would abolish its internal quotas and quantitative restrictions in turn – backed by the financial support of a new European Integration Fund,<sup>89</sup> the Italian plan envisaged the creation of a 'preferential zone' in which tariffs, quotas and restrictions would gradually be abandoned within a multilateral scheme of negotiations established by the governmental representatives of the OEEC. As noticed by Pella himself, the long-term goal of his plan, which implied the maintenance of a European external tariff, was to abolish intra-European custom duties within ten years in order to 'preserve' the sectors (ranging from fruit and vegetables to automobiles) that were deemed not yet able to face a full-fledged regime of trade liberalization.<sup>90</sup> Even though both plans were eventually rejected by the OEEC Council, Britain seemed more sympathetic to the Italian proposal than to the Dutch one. According to the British authorities, the 'industry-by-industry' liberalization that was promoted by the Stikker Plan represented a threat to Britain's international trade interests (that is, the 'imperial preference', a system of lowlevel tariffs and trade barriers among the states of the former British empire) as they were guaranteed within the framework of the Commonwealth. Moreover, the establishment of a European Integration Fund would probably lead to a significant increase in national taxation that the OEEC member states'

governments were obviously unlikely to accept. Otherwise, the gradual, intergovernmental and after all 'protected' version of trade liberalizations embodied in the Pella Plan constituted a far more acceptable alternative for the UK, unless Pella's gradual reduction of tariff protections would endanger the benefits provided by the British 'imperial preference'.<sup>91</sup> In this specific case, both Italy and Britain explicitly sought to drive the OEEC liberalization process through the channels of a nation-state led, softened, and supposedly harmless exposure of European markets to the uncertainties of the competition of international trade. Nonetheless, the side effects of the Korean War and the parallel deterioration of Britain's balance of payments loomed over the stability of the Anglo-Italian diplomatic relationship.

Indeed, by May 1951 Britain's position in the EPU was sharply declining. In December 1951, London's representatives to the OEEC noticed that during the previous eight months Britain's debit exposure in the EPU had worsened by nearly 830 million units of account, which meant that, over this time-span, the UK's reserve of dollars and gold had diminished by about \$8500 million.<sup>92</sup> The causes behind such a downfall were multiple. First, the rearmament efforts linked to the outbreak of the Korean War significantly increased the levels of public expenditure. Second, between late 1950 and early 1951, worldwide inflation – which also originated from the high international demand of raw materials needed to fulfil rearmament projects –, coupled with the start of UK intra-European liberalization programmes, led to a consistent rise in import volumes from the EPU zone into the sterling area.<sup>93</sup> Finally, the reserves of the UK Treasury incurred additional losses thanks to the nationalization of the Anglo-Iranian Oil Company, which also exacerbated Britain's inflation trends.<sup>94</sup>

It must then be recalled that in late October 1951 the Tories, led by the seventy-seven years old Winston Churchill, took power after winning the general British elections. The new government had to manage the aforementioned hindrances that threatened Britain's financial and economic stability. Symptomatically, the Conservative cabinet did not overturn the economic and social reforms introduced by the Labour in the aftermath of the Second World War. As the historian William Rubinstein has outlined,

Churchill's 1951–1955 government was, of course, the first Conservative government to enter office finding a Welfare State and a considerable measure of socialism state in place. How it should deal with this reality naturally became the central leitmotif of the government's domestic policies [ ...]. There was, in the early 1950s (and for decades to come) simply no question of the Tories overturning the achievements of the Attlee Labour government or of instituting a return to pre-war laissez-faire. The electoral risk, above all from the deliberately creation of greatly increased unemployment, were so immense, given the government's small majority, that it simply could not be tried.<sup>95</sup>

The newly elected Conservative government led Britain during the decade that became known as that of the 'affluent society', 'where, for the first time, millions of working-class people began to acquire consumer durables and participate in what had been a middle-class lifestyle'.<sup>96</sup> They decided not to suspend or restrain the measures introduced by the previous Labour cabinet (although this did occur to some extent, if we consider, for instance, the re-privatization of road haulage, steel, and iron sectors). In order to reduce the rising losses of Britain's balance of payments, Churchill preferred to step back from the EPU and OEEC trade agreements rather than

introduce new austerity measures that would likely threaten his recently obtained political and electoral consensus.

Therefore, the adverse combination of the above-mentioned aspects of Britain's economic situation spurred the unavoidable deterioration of London's balance of payments. This situation convinced the new conservative cabinet to take action and on 8 November 1951 the government suspended the measures of intra-European trade liberalizations that Britain had already introduced in the framework of the OEEC and EPU negotiations. Subsequently, how did Italy react to such a move? And how did Britain then respond to Italy's reactions? At first, Italy felt quite disoriented by the UK's decision, especially because just a few days earlier, on 1 November, the Italian parliament had approved a set of laws that liberalized the 99 per cent of imports from the EPU area: this was the highest percentage among all OEEC member states.<sup>97</sup> However, if Italy's liberalizations were promoted as a way to balance Rome's extreme credit position with respect to the EPU zone – even though these liberalizations were conceived so as not to completely wipe out Italy's market barriers, especially regarding several traditionally 'protected' sectors, like those of milk, wine, fruit and vegetable, automotive, and motorcycle<sup>98</sup> –, London, as it has been noted, was experiencing an antipodal condition. Consequently, the Foreign Office invited its representatives to the OEEC to prepare for the protests that might arise from Rome's reaction. Britain's delegates emphasized the monetary imbalances that still characterized Italy's position in the EPU: the impressive credits accumulated by the Italian Treasury could not be deemed as less dangerous than the debts incurred by the UK.<sup>99</sup> Moreover, by stressing how several products traditionally purchased on the Italian market – such as textiles and cheeses – had been excluded from the protectionist measures introduced by Churchill's cabinet, Britain's diplomats recalled how crucial it was to not betray any form of 'anxiety' with respect to Italy's protests.<sup>100</sup> Paradoxically, however, the protests were not as intense as London expected. In fact, the Italian representatives to the UK and to the OEEC basically aimed at obtaining limited exceptions in order to preserve specific fruit and vegetable sectors (apples, pears, nuts, cherries, and plums) whose export flows were mostly directed to the Sterling area. London noticed how hard it might be to agree upon similar concessions, since 'the volume of these exceptions might become so great as to threaten the purpose for which the policy had been introduced'.<sup>101</sup> Thus, the trade attaché at the Italian embassy in the UK, Ugo Morabito, acknowledged the rationale behind Britain's restrictions and tried to draw London's attention to the side effects that its protectionist measures could generate in Southern Italy, where manpower was largely employed in the agricultural industries. As Morabito put it,

I quite understand your impossibility of selecting a new basis which would drastically change the whole structure of the measures which you have adopted. I believe, however, that it should be possible to find a new formula [that], without destroying the purpose of restrictions in question, would take care sufficiently of the cases of collective hardship.<sup>102</sup>

According to Morabito, Britain had to increase its global quotas (that is, the quotas applied on the whole volume of imports coming from all the international markets) on fruits and vegetables in order to foster their inflow into the British market without granting any favourable treatment to the Italian export. However, even though the UK authorities seemed to welcome Italy's concerns about its export performances in the sterling area, the Churchill cabinet did not give up and kept its restrictions. During the first part of 1952, Anglo-Italian trade relationships were mainly carried



out through the Anglo-Italian Economic Committee (AIEC), where Italy tried once again to squeeze out, at a minimum, limited concessions from these bilateral negotiations. By July 1952, one of the most active representatives of the Italian Foreign Trade Ministry and member of the AIEC, Giuseppe Dall'Oglio, singled out the main initiatives that Italy would undertake in order to fix its trade imbalances with the UK. First of all, the Bank of Italy would improve the use of its sterling reserves in order to reduce Italy's credit exposure in the EPU area.<sup>103</sup> Then, Dall'Oglio proposed that, in case of additional retreats from the process of further trade liberalizations within the EPU zone – as with the British and, by February 1952, the French cases<sup>104</sup> –, national governments would take into account a number of principles that should, as much as possible, mitigate the consequences of these 'turns around' for their Western European partners. Even though these principles clearly fit with Italy's specific needs, Dall'Oglio resumed his proposal as follows:

- i) The restrictions imposed by a member country in a debtor position, should not contain any protectionist element; ii) The restrictions should not discriminate between sector and sector; iii) The weight of the restrictions should not be concentrated on any one country.<sup>105</sup>

However, Dall'Oglio's attempt did not sway Britain to change its position on its restrictive trade policy. Italy thus had to fine-tune its strategy and to boost its commercial exchanges with other Western European partners – such as West Germany –, in the hope that this move would allow them to rebalance their overall credit position in the EPU zone and, indirectly, alleviate the negative repercussions on the Italian balance of payments caused by the British suspension of its liberalization programme. Nonetheless, once again, Italy's attempts did not produce any tangible effect on Italy's balance of payments nor on the British's general attitude towards Rome's requests.<sup>106</sup> In a final effort, Italy tried to persuade the US administration to apply pressure on the UK in order to convince its 'special partner' to soften the restrictions on imports from the EUP zone, namely from Italy. Moreover, the De Gasperi cabinet overemphasized the political meaning of this call for American support, since Rome was on the eve of the Italian general elections scheduled for mid-1953. Indeed, Rome's diplomats explained to Washington that, if Britain maintained its restrictive trade policies towards the EPU area, Italy's overall economic conditions would worsen, and this could provide unwarranted help to the left-wing opposition parties in the upcoming election. The strategy of playing up Italy's alleged political weakness did not seduce De Gasperi's partners in Washington. Indeed, even though the US administration showed its understanding of Italy's concerns about Britain's turn around on liberalizations, the Americans reminded the Italian representatives that both France and Britain had taken their 'steps back' as the result of an extreme debit balance which was as concerning as Italy's very pronounced credit position in the EPU area.<sup>107</sup> It seemed unlikely that the Americans would openly back De Gasperi's plea against one of its closest and somehow faithful Western Europe's ally – Great Britain –, and their further actions certainly dashed Italy's hopes for an immediate restoration of the UK liberalizations commitment. By early 1953, the British embassy in Rome observed how the objections of the private industrialists in Italy were mainly addressed to the Minister of the Foreign Trade, Ugo La Malfa,<sup>108</sup> and the De Gasperi cabinet as a whole, rather than to London's trade policies. Italy's businessmen assumed that the Italian government should have behaved as Britain had. They should re-establish national restrictions to external imports without worrying about the expected but to some extent harmless – at least in the eyes of Italy's industrialists – warnings coming from the OEEC and the EPU boards. As noticed by a British diplomat, who

stressed the persistent but innocuous discontent that Italy's governmental authorities felt with London's trade strategies,

the atmosphere [in Italy] is getting more tense. From private reports I hear that La Malfa is getting rather desperate, but whether this will end in his resignation from the Government or his agreeing to modify his policy I cannot tell [ ... ] The Italians are worried and rather bewildered. They would like to know how they stand. They would like to be on our side, but they cannot find out where we are [ ... ] As I began by saying the atmosphere is tense. Should there be an overt, combined attack on our general policy, the Italians are in the mood to find some welcome relief in playing a leading part in the riot.<sup>109</sup>

At the very end, no such thing as a combined 'riot' against British trade policies was undertaken by Italy or by other OEEC member states. However, by mid-1953, Britain started to reduce its protectionist measures, which was also a consequence of an initiative promoted by the general secretary of the OEEC, Robert Marjolin,<sup>110</sup> who proposed a plan of integral intra-European liberalization to be accomplished by 1 April 1954.<sup>111</sup> The extreme (but to some extent 'outdated') rigidity of Marjolin's proposal was obviously supported by Italy, which had already liberalized nearly the 99 per cent of its imports from the EPU zone, but it did not obtain the approval of the major countries of the OEEC, that is to say France and UK, whose trade policies were still driven by a progressive, yet cautious, restoration of the previously abandoned rates of liberalization. At the same time, by the mid-1950s, the trends of the Anglo-Italian trade relations were somehow normalized, thanks to, among other reasons, the currency harmonization provided by the EPU system.<sup>112</sup> However, this system itself, which was ultimately built on the willingness of national governments to cooperate (or not) in the 'common target' of a fully fledged abolishment of intra-European trade barriers, had proved to be unsatisfactory for the fulfilment of an irreversible and, above all, reciprocal regime of liberalization. Only by 1958, when a complete system of currency convertibility was re-established, the EPU was finally dismissed and post-war international monetary agreements (namely the Bretton Woods accords) became fully effective.<sup>113</sup> At that time, however, Italy had already contributed to the establishment of the European Economic Community (EEC, 1957), while Britain, which refused to join the EEC and promoted an alternative regional economic agreement – the European Free Trade Association (1960) –, would continue its autonomous attempt to restore its global rather than simply European 'primacy' <sup>114</sup> – an attempt, however, that was bound to fail.

## Conclusions

The exploration of the Anglo-Italian relationships in the framework of the OEEC during the first steps of the European integration process clearly confirms the existence of deeply rooted political asymmetries and reciprocal mistrust that reach back far earlier than the aftermath of the Second World War.<sup>115</sup> However, a close examination of the economic relations that characterized the post-1945 confrontation between London and Rome within the OEEC arena reveals the recurrence of Italy's failed attempts in drawing London's attention to the main economic and political concerns at the core of the international strategies promoted by the De Gasperi government: the liberalization of both manpower and trade flows. Even though the general spirit of the OEEC aimed to rapidly abolish all existing barriers (commercial, juridical, and physical) that impeded the establishment of a fully integrated intra-European market, the obvious permanence of national strategies and concerns, which were in turn embedded into the parallel deployment of the Cold

War system, pushed all the OEEC member states to interpret such 'spirit' in accordance with their own national politico-economic programmes. This was true for both major (Britain) and medium-minor sized powers (Italy): 'these multiple, delicate and indeed parallel goals pursued by national governments' <sup>116</sup> were likely to generate frequent and interlaced diplomatic contradictions that, as has been noted, hardly ended with full and irreversible accords. On the one hand, by the late 1940s, Britain's international role was incomparable with that of Italy. Britain held a key global economic position, maintained an 'imperial' project with its former colonies and within the Commonwealth, and had played a crucial part in overwhelming the Nazi and Fascist regimes during the Second World War. Italy, however, was a semi-defeated nation after the collapse of Mussolini's dictatorship, with a semi-peripheral economy within the broader context of Western capitalism and a moderate-led governmental coalition whose stability seemed to be persistently menaced by the considerable strength of the Italian Communist Party opposition.<sup>117</sup> On the other hand, the rationale of the European integration process forced Britain to deal with a quite 'tiresome',<sup>118</sup> underrated,<sup>119</sup> but ultimately inevitable partner. Moreover, the very political cleavage that separated the British Labour government from Italy's Christian-Democratic cabinet led these countries to search for diverging economic paths to face the challenges brought on by post-war reconstruction and the beginning of the European integration process. Britain's internal goal of full employment clearly clashed with Italy's choice to reduce its manpower surplus by means of mass emigration flows. Similarly, Italy's export-led and deflationist economic programme hit British aims to protect both its balance of payments that fell suddenly by early-mid 1951 and its national market from the 'threat' of intra-European competition. Such apparently irreconcilable patterns of post-war economic reconstruction found in the OEEC a common forum of institutional negotiation that seemed to be more crucial for Italy than for Britain. London's refusal to become a fully embedded part (let alone the leading country) of a multilateral system of economic interdependence in Western Europe<sup>120</sup> contributed to pave the way to what Alan Milward has called the 'collapse of the OEEC',<sup>121</sup> that is, the progressive depletion of its very political meaning – boosting Western European cooperation within the framework of a multilateral, interdependent, then integrated pattern of international relationships – and, by consequence, of its institutional *raison d'être*. As far as Rome was concerned, Italy's interest in the early OEEC activities waxed and waned according to its goal of finding an international arena where it could more quickly gain the economic and political instruments it needed in order to realize its internal economic programmes. As Romero put it,

With the exception of a few true federalists and cosmopolitan intellectuals, Europe was perceived by most components of Italian society as a means rather than an end – as a tool, as it were, for reinforcing a collective identification with the nation that, in order to be viable, needed a sense of purpose and a set of achievable goals together with the persistence of established cultural and social patterns.<sup>122</sup>

However, the UK, as the largest economy within the OEEC arena, never aimed to make the Paris Organization the pivotal institutional forum where the primary European integration breakthroughs could occur, because it would imply a multilateral, and maybe irreversible, scheme of interdependence that threatened London's objective to restore its role as a robust and autonomous nation on the international scene. In this respect, London always took advantage of a sort of double weakness that affected Italy's strategies in regard to the European integration process as a whole. On the one hand, Rome was perceived as feeble (economically) and unreliable

(politically) as a partner; on the other hand, London considered the OEEC as a secondary, though inescapable, institutional arena where its international interests had to be negotiated as a consequence of, above all, the US post-war plans for Europe.<sup>123</sup> In this respect, it could be argued that both Italy and Britain nurtured symmetric but opposite goals. They both 'used'<sup>124</sup> Europe and the OEEC as an instrument to support national strategies and fulfil opposing objectives. If Italy aimed at building up its post-war and post-fascist international legitimization first and foremost by participating in the European integration process – but trying to avoid any binding commitment in military or defence programmes –, Britain sought to reaffirm, with or without the OEEC, its profile as an autonomous and crucial actor in the post-war international system. The extent to which both of these divergent but interwoven hopes were bound to be largely neglected would be sufficiently proven by the course of twentieth century European history.

## Notes

1. For a general overview of Cold War history, see Melvyn P. Leffler, Odd Arne Westad (eds.), *The Cambridge History of the Cold War* (Cambridge: Cambridge University Press, 2010); John Lambert Harper, *The Cold War* (Oxford: Oxford University Press, 2011); Mark Gilbert, *Cold War Europe. The Politics of a Contested Continent* (Lanham, Rowman & Littlefield, 2015). See also Federico Romero, 'Cold War Historiography at the Crossroads', *Cold War History*, 4 (2014), 685–703.
2. Dennis Merrill, 'The Truman Doctrine: Containing Communism and Modernity', *Presidential Studies Quarterly*, 1 (2006), 32. As outlined by Federico Romero, the most decisive initiatives that led to the outbreak of the Cold War – 'containment' and the Marshall Plan – were basically promoted by the US administration: Federico Romero, *La Guerra fredda. L'ultimo conflitto per l'Europa* (Turin: Einaudi, 2009), 69.
3. See Alan S. Milward, *The Reconstruction of Western Europe, 1945–1951* (London: Methuen, 1984); Michael J. Hogan, *The Marshall Plan. America, Britain, and the Reconstruction of Western Europe, 1947–1952* (Cambridge: Cambridge University Press, 1987); John A. Agnew, Nicolas Entrikin (eds.), *The Marshall Plan Today. Model and Metaphor* (London: Routledge, 2004); Nicolaus Mills, *Winning the Peace. The Marshall Plan and America's Coming Age as a Superpower* (Hoboken: Wiley, 2008).
4. See Geir Lundestad, *The United States and Western Europe since 1945: from "empire" by Invitation to Transatlantic Drift* (Oxford: Oxford University Press, 2003).
5. See Richard T. Griffiths, *Explorations in OEEC History* (Paris: OECD, 1997).
6. According to Francesca Fauri, between 1948 and December 1951, when the Marshall Plan's steering authorities were turned into the Mutual Security Agency, the US government provided about 12,385 billion dollars to the OEEC countries. It must be recalled that the Marshall Plan did not imply the direct transfer of money from the US to Western Europe, but, on the contrary, it guaranteed a certain amount of goods and industrial machineries through grants, loans and other typologies of trade exchanges. Francesca Fauri, *Il Piano Marshall e l'Italia* (Bologna: il Mulino, 2010), 79–80.
7. Austria, Belgium, Denmark, France, Greece, Ireland, Iceland, Italy, Luxembourg, Norway, Netherlands, Portugal, United Kingdom, Sweden, Switzerland, Turkey, and the Free Territory of Trieste. At a later stage, also West Germany joined the OEEC.

8. See Roberto Ventresca, *Prove tecniche d'integrazione. L'Italia, l'Oece e la ricostruzione economica internazionale (1947–1953)* (Milan: FrancoAngeli, 2017).
9. See John W. Young, *Britain and European Unity, 1945–1992* (London: Macmillan, 1993).
10. See A. Varsori, 'Great Britain and Italy 1945–56: The Partnership Between a Great Power and a Minor Power?', *Diplomacy and Statecraft*, ii (1992), 188–228.
11. Effie G.H. Pedaliu, 'The Foreign Office, the Board of Trade and Anglo-Italian Relations in the Aftermath of the Second World War', in John Fisher, Effie G.H. Pedaliu, Richard Smith (eds.), *The Foreign Office, Commerce and British Foreign Policy in the Twentieth Century* (London, New York: Palgrave MacMillan, 2016), 297–321.
12. Stephen George, *An Awkward Partner. Britain and the European Community* (Oxford: Oxford University Press, 1998), 12.
13. Alan S. Milward (with the assistance of George Brennan and Federico Romero), *The European Rescue of the Nation State* (London: Routledge, 1992).
14. Francesco Petrini, 'Bringing Social Conflict Back in: The Historiography of Industrial Milieux and European Integration', *Contemporanea. Rivista di storia dell'800 e del '900*, iii (2014), 539.
15. On this topic, see Saul Kelly, 'The Colonial versus the Anti-Colonial: The Failure of Anglo-American Planning on the Future of the Italian Colonies, September 1943–June 1943', in Christopher Baxter, Michael L. Dockrill, *THE INTERNATIONAL HISTORY REVIEW* 191 Keith Hamilton (eds), *Britain in Global Politics Volume 1. From Gladstone to Churchill* (London, New York: Palgrave Macmillan, 2013), 261–81.
16. With respect to Italy's role in the 1947 peace treaty, see Sara Lorenzini, *L'Italia e il trattato di pace del 1947* (Bologna: il Mulino, 2007). Regarding Britain's early post-war foreign policy with particular emphasis on its European dimension, see George, 'An Awkward Partner', 12–6.
17. A recent reflection on the origins of post-1945 Western defence system is provided by Gilbert, 'Cold War', 59–88.
18. See Paolo Acanfora, *Miti e ideologia nella politica estera DC. Nazione, Europa e Comunità Atlantica (1943–1954)* (Bologna: il Mulino, 2013), especially chapters 1–2.
19. See Daniela Preda, *Alcide De Gasperi federalista europeo* (Bologna: il Mulino, 2004); on European Christian Democracy features after 1945, see Wolfram Kaiser, *Christian Democracy and the Origins of the European Union* (Cambridge: Cambridge University Press, 2007).
20. William D. Rubinstein, *Twentieth Century Britain. A Political History* (London, New York: Palgrave Macmillan, 2003), 235.
21. Rubinstein, 'Twentieth Century Britain', 239.
22. Pedaliu, 'The Foreign Office', 300.
23. See, for example, Rolf Petri, *Storia economica d'Italia. Dalla Grande Guerra al miracolo economico (1918–1963)* (Bologna: il Mulino, 2003); Mauro Campus, *L'Italia, gli Stati Uniti e il Piano Marshall* (Rome-Bari: Laterza, 2008). According to Petri, I would suggest to interpret the main

features of Italy's economic policy in the post-war period as an example of pragmatic neo-mercantilism.

24. Rubinstein, 'Twentieth Century Britain', 239.

25. Ferruccio Ricciardi, 'I «tecnocrati riformisti» e la ricostruzione in Italia', *Storia in Lombardia*, ii (2007), 81.

26. See Alfredo Gigliobianco (ed.), Luigi Einaudi. *Liberta economica e coesione sociale* (Rome, Bari: Laterza, 2010).

27. See Franco Cotula, Cosma O. Gelsomino, Alfredo Gigliobianco (eds.), Donato Menichella. *Stabilita e sviluppo dell'economia italiana, 1946–1960* (Rome-Bari: Laterza, 1997). On Einaudi and Menichella's role, as well as on the whole deflationist post-war Italian economic policies, see John L. Harper, *America and the Reconstruction of Italy, 1943–1948* (Cambridge: Cambridge University Press, 1986), 137–58.

28. Federico Romero, 'Migration as an Issue in European Interdependence and Integration: The Case of Italy', in Alan S. Milward et al., *The Frontier of National Sovereignty. History and theory 1945–1992*, (London, New York: Routledge, 1992), 36.

29. Federico Romero, *Emigrazione e integrazione europea, 1945–1973* (Rome: Edizioni Lavoro, 1991), 31.

30. There are several versions of this programme. Here we will refer to: Ministero del Bilancio e della Programmazione Economica, *Programma economico italiano a lungo termine 1948-49/1951-52*, vol. I (Rome: Su.Gra.Ro., 1966), 3–100; see also Roberto Tremelloni, 'The Italian Long-Term Program Submitted to the OEEC', *Banca Nazionale del Lavoro Quarterly Review*, viii (1949), 12–24.

31. Ward to the Foreign Office, 4 September 1948, [Kew, United Kingdom National Archives, Public Record Office], F[oreign] O[ffice records], 371/73138, Z 6750/20/22.

32. See Campus, 'L'Italia', 17.

33. Ward to the Foreign Office, 4 September 1948, FO 371/73138, Z 6750/20/22.

34. Brown to the Foreign Office, 3 November 1948, FO 371/71873, UR 7360.

35. Brown to the Foreign Office, 3 November 1948, FO 371/71873, UR 7360.

36. A version of the plan is available in Carlo Sforza, *Cinque anni a Palazzo Chigi. La politica estera dell'Italia dal 1947 al 1951* (Rome: Atlante, 1951), 73–80. See also Effie G.H. Pedaliu, *Britain, Italy, and the Origins of the Cold War* (Basingstoke: MacMillan, 2003), 143.

37. Pedaliu, 'Britain', 143.

38. Pedaliu, 'Britain', 144.

39. Romero, 'Migration', 35.

40. Pedaliu, 'Britain', 144.

41. On the CEEC, see Milward, 'The Reconstruction', 56–89.

42. The text of the speech is available at:

[www.oecd.org/general/themarshallplanspeechatharvarduniversity5-june1947.htm](http://www.oecd.org/general/themarshallplanspeechatharvarduniversity5-june1947.htm).

43. See Lorenzo Mechi, 'Economic Regionalism and Social Stabilization: The International Labour Organization and Western Europe in the Early Post-War Years', *International History Review*, iv (2013), 844–62.

44. Rome CEEC Manpower Conference, 6 February 1948. FO 371/68921, UE 1684.

45. Rouse to Myrddin Evans, 6 February 1948. FO 371/68921, UE 1684.

46. Rouse to Myrddin Evans, 6 February 1948. FO 371/68921, UE 1684.

47. Varsori, 'Great Britain', 203.

48. Mallet to the Foreign Office, 25 March 1948, FO 371/73150, Z 2570.

49. Mallet to the Foreign Office, 25 February 1949, FO 371/79364, Z 1973.

50. Varsori, 'The Great Britain', 190.

51. See Mattia Granata, Roberto Tremelloni, *Riformismo e sviluppo economico* (Soveria Mannelli: Rubbettino, 2010). 192 R. VENTRESCA

52. Coulson to the Foreign Office, September 1948, FO 371/71829, UR 4725.

53. On Campilli, see Stefano Battilossi, *L'Italia nel sistema economico internazionale. Il management dell'integrazione. Finanza, industria e istituzioni, 1945–1955* (Milan: FrancoAngeli, 1996), 393.

54. Mallet to the Foreign Office, 2 February 1949. FO 371/77969, UR 1046.

55. Mallet to the Foreign Office, 24 March 1949, FO 371/79364, Z 2665.

56. Henniker to the Foreign Office, 30 November 1949, FO 371/87280, UR 591/5.

57. OEEC, *Surplus manpower in participating countries – Italy* (without signature), 29 December 1949, FO 371/89791.

58. OEEC, 'Surplus manpower', 29 December 1949, FO 371/89791.

59. Grant Amyot, *Business, the State and Economic Policy: The case of Italy* (London: Routledge, 2004), 21.

60. British embassy in Rome to the Foreign Office, 13 January 1950, FO 371/87281, UR 491/26.

61. Mallet to McNeil, 12 January 1950, FO 371/87285, UR 494/3.

62. Mallet to McNeil, 12 January 1950, FO 371/87285, UR 494/3.

63. Francesca Fauri, *Storia economica delle migrazioni italiane* (Bologna: il Mulino, 2015), 195.

64. British embassy in Rome to the Foreign Office, 18 February 1950, FO 371/87285, UR 494/15.

65. British embassy in Rome to Gilmour, FO 371/89791, WT 1820/10.

66. Romero, 'Migration as an Issue', 39–42.

67. Andreina De Clementi, *Il prezzo della ricostruzione. L'emigrazione italiana nel secondo dopoguerra* (Rome-Bari: Laterza, 2010), 45–6.
68. British embassy in Rome to Gilmour, FO 371/89791, WT 1820/10.
69. British embassy in Rome to Gilmour, FO 371/89791, WT 1820/10.
70. Ventresca, 'Prove tecniche', 117–20.
71. See Giovanni Malagodi, *Aprire l'Italia all'aria d'Europa. Il diario europeo (1950–51)*, edited by Giovanni Farese (Soveria Mannelli: Rubbettino, 2011).
72. Romero, 'Migration as an Issue', 45. For a general overview of the Korean military conflict see Steve Hugh Lee, *The Korean War* (London: Longman, 2001).
73. Romero, 'Migration as an Issue', 46.
74. Ibid.
75. Romero, 'Emigrazione', 53. On West Germany's post-war migration policies, see Emmanuel Comte, *The History of European Migration Regime. Germany's Strategic Hegemony* (London: Routledge, 2018).
76. Osservazioni generali alla proposta italiana e risposte date al riguardo dalla Delegazione italiana, June-July 1952, Rome, Archivio Centrale dello Stato, Ministero dei Lavori Pubblici, Divisione IX, Oece 446.
77. Romero, 'Migration as an Issue', 48.
78. OEEC Six Report, Paris 1955, quoted in Romero, 'Migration as an Issue', 48.
79. Hogan, 'The Marshall Plan', 273–4.
80. Hoffman's statement is available at:  
[https://www.cvce.eu/content/publication/2009/4/3/840d9b55-4d17-4c33-8b09-7ea547b85b40/publishable\\_en.pdf](https://www.cvce.eu/content/publication/2009/4/3/840d9b55-4d17-4c33-8b09-7ea547b85b40/publishable_en.pdf) (last access: 26 February 2018).
81. Francesco Petrini, *Il liberismo a una dimensione. La Confindustria e l'integrazione europea, 1947–1957* (Milan: FrancoAngeli, 2005), 192.
82. See Barry Eichengreen, *Reconstructing Europe's Trade and Payments. The European Payments Union* (Manchester: Manchester University Press, 1993).
83. See Jacob J. Kaplan, Gunter Schleiminger, *€ The European Payments Union. Financial Diplomacy in the 1950s*, Oxford, Clarendon Press, 1989; Milward, 'The Reconstruction', chapter 10.
84. Francesca Fauri, *L'Unione Europea. Una storia economica* (Bologna: il Mulino, 2017), 67.
85. On post-war GATT Rounds (Geneva, 1947; Annecy, 1949; Torquay, 1951) see Barry Eichengreen, 'Mainsprings of Economic Recovery in Post-war Europe', in Id. (ed.), *Europe's Post-War Recovery* (Cambridge: Cambridge University Press, 1995), 30–1.
86. Liberalization of Trade, 20 October 1949, FO 371/78120, Z 10299/321.



87. 'Piano Italiano all'Oee per l'integrazione europea (zona preferenziale), July 1950, Rome, Archivio Storico del Ministero Degli Affari Esteri, Direzione Generale Affari Economici, Versamento C, 106 bis.
88. For a comparison between the 'Stikker Plan' and the 'Pella Plan', see Milward, 'The Reconstruction', 444–50.
89. Wendy Asbeek Brusse, 'The Stikker Plan', in Richard T. Griffiths (ed.), *The Netherlands and the Integration of Europe, 1945–1957* (Amsterdam: Neha, 1990), 69–92.
90. Petrini, 'Il liberismo', 159–61.
91. Evans to the UK State Secretary, 30 June 1950, FO 371/87161, UR 3248/27.
92. OEEC Council: the position of the UK in EPU – Report by the Managing Board, 7 December 1951, FO 371/94268, M 3747/30.
93. OEEC Council, 7 December 1951, FO 371/94268, M 3747/30.
94. Giuseppina Tullio, *Monete ed economie. Le relazioni anglo-italiane nel secondo dopoguerra* (Naples: ESI, 2001), 311–4. THE INTERNATIONAL HISTORY REVIEW 193
95. Rubinstein, 'Twentieth Century Britain', 254–5.
96. Rubinstein, 'Twentieth Century Britain', 255.
97. Tullio, 'Monete', 307; see also Francesco Petrini, 'La liberalizzazione di Ugo La Malfa e la Confindustria', *Annali dell'Istituto Ugo La Malfa*, xvi (2001), 15–55.
98. Mechi, 'L'Europa', 58.
99. T.W. Garvey, 8 December 1951, FO 371/94264, M 3239/4.
100. Addressed to Strasbourg, 98 December 1951, FO 371/94264.
101. Effects of the UK import cuts on Italian trade, 22 November 1951, FO 371/96267, WT 1157/1.
102. Morabito to Bruce, 3 January 1952, FO 371/102100, N 4882/E 10.
103. Minutes of the first meeting of the X Session of the Anglo-Italian Economic Committee, 7 July 1952, FO 371/102103, WT 1152/56.
104. On 4 February 1952, following up on the worsening of its national balance of payments – due to the Korean rearmament race, French military war in Indochina, and also the effects of the British 1951 protectionist law package – France decided to suspend the measures of intra-European liberalization already introduced in the framework of the OEEC and the EPU. See Frances M.B. Lynch, *France and the International Economy. From Vichy to the Treaty of Rome* (London: Routledge, 196), 135–6.
105. Minutes of the first meeting of the X Session of the Anglo-Italian Economic Committee, 7 July 1952, FO 371/102103, WT 1152/56.
106. Joint to the Foreign Office, 15 November 1952, FO 371/102104, WT 1152/87.
107. Tullio, 'Monete', 315–7.

108. See Lorenzo Mechi, *L'Europa di Ugo La Malfa. La via italiana alla modernizzazione, 1942–1979* (Milan: FrancoAngeli, 2003).
109. Joint to Wright, 18 February 1953, FO 371/102104, M 323/80.
110. On Marjolin, see his autobiography: Rober Marjolin, *Architect of European Unity. Memoirs 1911–1986* (London: Weidenfeld and Nicolson, 1986).
111. Tullio, 'Monete', 320.
112. Tullio, 'Monete', 327.
113. On Bretton Woods and its effects on Western Europe's monetary system, see Barry Eichengreen, *The European Economy since 1945. Coordinated Capitalism and Beyond* (Princeton, NJ: Princeton University Press, 2007), 52–85.
114. On the structural uncertainty that has always marked Britain's involvement within the European project, see Stephen George (ed.), *Britain and the European Community. The Politics of Semi-detachment* (Oxford: Clarendon Press, 1991).
115. According to Varsori, the origins of British suspicions towards Italian people can be traced back to the 'grand tour' that Britain's ruling classes carried out in Italy since the seventeenth—eighteenth centuries. Varsori, 'Gran Bretagna e Italia', 244–5.
116. Romero, 'Migration', 39.
117. Guido Formigoni, *Storia d'Italia nella guerra fredda (1943–1978)* (Bologna: il Mulino, 2016), chapters 4–6.
118. Italian Labour, 11 March 1948, FO 371/73150, Z 2055.
119. Although this contribution refers to the role of Italy throughout the 1970s and the 1980s, see Antonio Varsori, Benedetto Zaccaria (eds.), *Italy in the International System from Détente to the End of the Cold War. The Underrated Ally* (London: Palgrave Macmillan, 2018).
120. On the multifaceted historical meanings of 'economic interdependence' see Alan S. Milward, *Interdependence or integration? A national choice*, in Id. et al., *The Frontier of National Sovereignty. History and Theory, 1945–1992* (London: Routledge, 1993), 1–32.
121. Milward, 'The Reconstruction', 195–211.
122. Federico Romero, 'Europe as a Tool of Nation Building. The Culture, Language and Politics of Italy's Postwar Europeanism', paper presented to the conference *Beyond the Cold War. The United States and the Renewal of Europe*, Florence-Bologna, 26–29 January 1994, 22.
123. See David Ellwood, *Rebuilding Europe. Western Europe, America, and Post-War Reconstruction* (London, New York: Longman, 1992).
124. See Wolfram Kaiser, *Using Europe, Abusing the Europeans. Britain and the European Integration, 1945–1963* (Basingstoke: MacMillan, 1993).