

Business history and business archives: the Italian case

(Giandomenico Piluso e Pier Angelo Toninelli**)*

1. Introduction.

The precious and by now well-established work of digging into and re-ordering bank, business and insurance archives conducted over the years by dedicated researchers has undoubtedly favoured the coming-of-age of a discipline - business history - which for various reasons (not least misguided ideological reservations) experienced a difficult and painful birth in Italy. It has thus been possible to build up an increasingly substantial body of publications on the subject in the last few years, with series expressly dedicated to business histories¹ or with specialised periodicals².

It is certainly not the aim of this paper to give an account of the albeit rich literature on business history produced on the peninsula. It will more modestly attempt to shed some light on the most significant meetings between archivists and business historians, and to identify the major points emerging from them.

The next paragraph will provide an overview of the feedback between business archival resources and business history, paying particular attention to the impact that growing appreciation of the history archives of firms and business groups has had, ever since the 1960s, on the maturing of such a young discipline in Italy. It will be followed by a rapid review of the first significant interventions intended to

* Dipartimento di Economia Politica, Università di Siena, Editor of *Imprese e Storia*

** Dipartimento di Economia Poltica, Università di Milano-Bicocca, co-editor of *Imprese e Storia*

¹ Such as the series of volumes edited by the ASSI Association (Associazione Assi di storia e studi sull'impresa), published at first by il Mulino (Bologna) and now by Marsilio (Venice), or the one directed by Valerio Castronovo and published by Laterza (Roma-Bari).

² Such as *Imprese e storia* (a journal which stemmed out from the previous *Archivi e imprese*) or *Annali di storia d'impresa*, both being initiatives of the Assi Association

conserve and protect business archives. The fourth paragraph will discuss how the different sizes of firms can have influenced the production and maintenance of business records. The fifth section will tackle the problem of contextualization as well as the correct cataloguing of archival papers, while the sixth will show the proven importance of primary sources external to business in reconstructing fundamental aspects of business history in Italy. Finally, the last paragraph will discuss two case studies which show how the sagacious cross-utilization of different primary sources can contribute to the reconstruction and interpretation of significant issues of Italian business history

2. Historical archives and business history in Italy: an overview

At the end of the 1960s the opening of the first business archives made it possible to conduct research based on primary sources, thus helping to adapt this specialization to the methodological parameters provided by other historiographic sectors. The premise was thus set for a switch from publications of an essentially celebratory nature to studies that respected the cardinal principles of historiographical research: free access to sources, methodological autonomy for the researcher and analytical rigour in reconstructing facts.

It is no accident that the first serious attempts to approach business history in Italy can be traced back to making business and bank archives available to scholars: Franco Bonelli's study on Terni, which appeared in the early 1970s, owed much to the decision of an "enlightened" manager, Gian Lupo Osti, to turn his company's papers over to the Terni state archives³, while the first volumes by Antonio Confalonieri on the relationship between bank and industry between the last years of the 19th century and the 1907 crisis, published soon after, came from the decision taken by Raffaele

³ Cfr. F. Bonelli, *Lo sviluppo di una grande impresa in Italia. La Terni dal 1884 al 1962*, Torino, Einaudi, 1971

Mattioli to grant the Milanese scholar access to Banca Commerciale Italiana documents⁴.

The first historical archives formed by Italian firms - essentially big business enterprises⁵ - followed the stimulating debate that developed in the mid-1970s⁶; on one side, the formation and opening of historical business archives were paradoxically encouraged by ideologically motivated critics of business as a capitalist institution; on the other, a new generation of historians formed in the '70s - part labour-history and part business-history specialists - aimed to set the premise for a methodologically sound approach to the history of Italian business, basically borrowing their analytical schemes from American business history research - in particular the Chandler paradigm⁷ - and from the labour organization and production studies that flourished on both sides of the Atlantic⁸.

The Italian case, however, presented some unique features. In the 1970s the studies by Giacomo Becattini and Arnaldo Bagnasco highlighted the success of organizational forms closely connected with an area, and not based on big business. They represented the Italian economy's own, original response to external shocks and the rigidity of big business in the face of market and technological change⁹. The analysis of the "industrial zones" of Marshall influence - promoted by Becattini - and

⁴ A. Confalonieri, *Banca e industria in Italia (1894-1906)*, Milano, Banca Commerciale Italiana, 1974-1975, 3 vols.

⁵ For an overview of the European business archives see f.i. H. Coppejans-Desmedt, *Les archives d'entreprises: pourquoi et comment les préserver?*, in «Archivi e imprese», a. 1 (1990), n. 1, pp. 45-61.

⁶ For a survey on Italian business history up to the Seventies cf. F. Amatori, *Entrepreneurial typologies in the history of industrial Italy (1880-1960): a review article*, in «Business History Review», 1980, n. *, pp. 359-386

⁷ A.D. Chandler, *The Visible Hand. The Managerial Revolution in American Business*, Cambridge (Mass.), Belknap Press, 1977.

⁸ See f.i. P. Fridenson, *Histoire des Usines Renault*, vol. I, *Naissance de la grande entreprise, 1898-1939*, Paris, Seuil, 1972) and D. A. Hounshell, *From the American System to Mass Production 1800-1932*, Baltimore-London, Johns Hopkins University Press, 1984. For a critical review see P.A. Toninelli, *La storia d'impresa in Europa: qualche riflessione*, in «Archivi e imprese», a. 4 (1993), n. 8, pp. 103.

⁹ For an introductory discussion about industrial districts see f.i. *Mercato e forze locali: il distretto industriale*, (ed. by G. Becattini) Bologna, il Mulino, 1987; on the Third Italy, cf. A. Bagnasco, *Tre Italie. La problematica territoriale dello sviluppo economico*, Bologna, il Mulino, 1977. For a more recent contribution cf. S. Brusco-S. Paba, *Per una storia dei distretti industriali italiani dal secondo*

the “Third Italy” (Terza Italia)- launched by Bagnasco - had their counterpart on the historiographic front with the start of studies on the so-called “historical alternatives to mass production” conducted by Charles Sabel and Jonathan Zeitlin¹⁰.

Another specific feature of Italian business historiography was to be found in the successful grafting of industrial history on to labour history, with much enrichment of perspective and method ranging from the history of industrial relations to that of the organization of labour up to social history *tout court*. In other words, Italian historiography on industry was strengthened in the early 1980s, finding in big business the player most suited to regenerating cultural energies that in the preceding season had been overpowered by excessive ideological pressure¹¹. The best studies of the new season were indeed able to fuse historiographical themes with motives from those different disciplinary fields in close contact with the archival sources that industrial enterprises were beginning to make available to research¹². Once again the start of the new season of study and research coincided with enrichment by documentary resources till then unavailable and with the identification and analysis of new lines of archival sources.

The study of big business understood as a complex organization laid the premise for revitalising the entire historiographic stream flowing from it. In general, Italian economic historiography could have overcome the difficulties implicit in an essentially macro approach to the analysis of post-unification development

dopoguerra agli anni novanta, in *Storia del capitalismo italiano dal dopoguerra a oggi*, a cura di F. Barca, Roma, Donzelli, 1997, pp. 265-333.

¹⁰ Cfr. C.F. Sabel-J. Zeitlin, *Historical Alternatives to Mass Production: Politics, Markets and Technology in Nineteenth Century Industrialization*, in «Past and Present», 1985, n. *. A number of other fundamental contributions on this issue has been written by Steven Tolliday, Maxine Berg and Philip Scranton.

¹¹ G. Mori, *Introduzione alla seconda edizione*, in *L'industrializzazione in Italia (1861-1900)*, Bologna, il Mulino, 1981², pp. 28-37.

¹² G. Berta - G. Piluso, *Introduzione*, in D. Bigazzi, *La grande fabbrica*, Milano, Feltrinelli, 2000, pp. 7-19.

processes, going beyond the first indications in that direction formed by Gino Luzzatto and Rosario Romeo in the 1950s and '60s¹³.

3. *On the origins of business historical archives in Italy*

The need for scholars of Italian business history to be able to have access to internal archive sources so as to better understand, reconstruct and explain the evolving dynamics of the post-unification Italian economy was officially highlighted and discussed at a famous meeting in the early 1970s, when Franco Bonelli and Giorgio Mori called for ways and means of obtaining information from business archives¹⁴. This came at an extremely propitious moment since business enterprises, in the throes of a big identity crisis, were showing keen signs of interest in forming their own historical archives, in order to begin research into their past histories, unfettered by the celebratory forms typical of the *Festschriften* of the preceding decades¹⁵.

As already mentioned, Terni decided to turn its documentary records over to the Terni state archives. Pirelli, on the contrary, took the first steps towards creating its own archives - declared to be of "remarkable historical interest" in April 1972 - on the basis of the documentation selected about thirty years earlier for a history of the Milanese company.

The early 1980s saw concrete results of the interest shown by firms in safeguarding and enriching their own papers: a changed attitude towards research and accessibility to their documentation were translated into the creation or widespread re-organization of historical archives and business museums. It was in this decade that two business history archives belonging to Genoese firms, Ansaldo and

¹³G. Luzzatto, *Per una storia economica d'Italia. Progressi e lacune*, Bari, Laterza, 1957, p. 24; R. Romeo, *Breve storia della grande industria in Italia 1861-1961*, new ed., Milano, il Saggiatore, 1988, p. 3.

¹⁴Cfr. *Tavola rotonda sugli archivi delle imprese industriali*, in «Rassegna degli Archivi di Stato», 1973, pp. 10-76.

¹⁵L. Boltanski-E. Chiapello, *Le nouvel esprit du capitalisme*, Paris, Gallimard, 1999; W. Feldenkirchen, *L'Archivio storico Siemens*, in «Archivi e imprese», 4, (1993), n. 7, pp. 3-19.

the Municipalized Transport Company, were opened to the public. In 1984 Fiat gave the go-ahead for its historical archives Project and in 1987 Buitoni presented its own re-ordered archives in Perugia. In the following years were opened to scholars - partly or completely re-ordered - the historical archives of Pirelli, Italgas, Ilva, Breda, Dalmine, Enel, Italtel, Sip (then Telecom), Olivetti, Magona d'Italia, Alfa Romeo, Lancia, Borsalino, Lanerossi and ENI.

4. Small, medium and big business

Until quite recently, and not only in Italy, business history tended to be identified with that of the big business enterprises. This was explained by multiple factors: first of all for practical reasons. Big enterprises, even ones that have ceased to exist, tend to leave more traces: first of all in archives, both public and private. The bigger the firm, the more likely it is that the number of transactions it is involved in, whether internal or external, increases as does the related documentation: correspondence, invoices, service orders, blueprints and technical material, registers and accounts documents such as ledgers, inventories, first notes etc. Then, when enterprises change from person firms to capital companies competing on the market, it becomes compulsory to write down, conserve and publicize some of the accounting documentation in the appropriate places. Secondly, it is very common on outstanding occasions for long-lived middle to large-size firms to celebrate their foundation with specific publications illustrating their history. Scholars can therefore avail themselves of a remarkable quantity of celebratory volumes which - as we have said - beyond their often overblown nature, represent useful sources of information, despite an obvious bias. Celebratory publications are produced by firms of long-lasting success, so that resorting to them for an analysis of business systems in the various national contexts can provide no more than a partial picture: that of a firm's rise but not of its decline,

with the result that enterprises which enjoyed some real, but short-lived success are excluded¹⁶.

The same cannot be said where small to medium-sized firms are concerned. They reveal completely different characteristics. In the course of their activities small - and micro - firms on the whole reveal less vocation for compiling structured records (whether current or even less past ones), as well as less inclination for preserving them once the firm has ceased to exist. The centrality of the entrepreneur and the scant, if any, formalization of the administrative structure or communication procedures, make it extremely difficult to organize the papers in proper archives. What is more, any person or family records can only partly compensate for the unreliable nature of the documentation within the firm¹⁷.

Secondly, even when the small or micro-firms do leave consistent records of themselves, they are unlikely to have the economic strength or adequate market life to be able to compile and maintain a real historical archive over the course of time. In this sense the model of territorial economic archives seems to be of great interest, a model that has however found only partial realization in Italy, as in the cases of the Genoese *Fondazione Ansaldo*, the *Fondazione Legler* of Ponte San Pietro (Bergamo) and the Milanese Institute for contemporary history (Ismec) of Sesto San Giovanni¹⁸.

5. Business documents: their protection, preservation and proper contextualization

In Italy, historiographic interest in business history documentary sources preserved in company archives has constituted the theoretic and motivational premise

¹⁶ P.A.Toninelli, *Impresa, industria e stato. Tre saggi sullo sviluppo economico italiano*, Trieste, Edizioni dell'Univeresità di Trieste, 2003, ch. 3; G. Federico – P.A. Toninelli, *Business strategies from Unification up to the 1970s*, in R. Giannetti & M. Vasta (eds.), *Evolution of Italian Enterprises in the 20th Century*, Heidelberg e New York, Phisica - Verlag, 2006, pp. 191-238

¹⁷ See f.i. A. Colli, *I volti di Proteo*, Torino, Bollati Boringhieri, 2002; G. Corbetta -M. D'Alessandro, *Cent'anni in movimento: la Chiorino di Biella tra continuità e innovazione*, Biella 2006.

¹⁸ For an up-to-date inventory of the historical archives of Italian industrial enterprises see ANAI, *Le carte operose. Gli archive d'impresa nella realtà nazionale e locale: le fonti la ricerca, la gestione e le nuove tecnologie*, Trieste, Arti Grafiche Stella, 2004.

¹⁸ D. Bigazzi, *Introduzione*, cit., p. 1.

for carrying out the first organic interventions to investigate the wealth of industrial archives. The interest led to action in the late 1970s with the realization of the first censuses, published for the most part in the following decade and, in some cases, now being updated and revised.

As far as business archives are specifically concerned, there has as yet been no national census of all the archives of Italian firms, and what remain important methodological points of reference - on a mainly regional scale - are the archival censuses set up in the 1980s by the Superintendencies of Tuscany (1982), Lazio (1987) and Lombardy, the latter overseen by Duccio Bigazzi and coordinated from the scientific aspect by the national liberation movement in Italy. These interventions were based on the models produced by Great Britain, Germany and France in the previous decades or concurrently¹⁹.

In the last few years the traditional tool of regional censuses has been flanked by examinations of history archives and museums active in Italy carried out by cultural centres that have helpfully published them on their own websites²⁰. Such initiatives, however, praiseworthy as they are in the intention, do not always prove capable of matching the standards that the regional superintendencies - or indeed other scientific institutions - guarantee.

If the role of the census is central in providing an overview of the varying situations concerning archives, inventories are the basic tools that allow different approaches right from the start and, in general, a wider understanding of the mechanisms and formation processes of the archives of each single body. Business archives are formed according to complex logics, highly dependent on a firm's internal organization rather than on external factors of a normative or regulatory nature. The decentralizing of production and the various activities means that very

¹⁹ D. Bigazzi, *Introduzione*, cit., p. 1.

²⁰ Cfr. M. Grandi, *Gli archivi italiani su internet*, in «Imprese e storia», 2000, n. 21, pp. 139-156; F. Del Giudice, *Gli archivi d'impresa in Italia*, in *Cultureimpresa*, n. 2, p. 3, nt. 10. For a survey of these electronic resources see G. Piluso, A. Calzolari & R. Mancino, *Gli archivi delle imprese industriali in Italia*, App.1.

often requests for depositing and preserving documents are spread out among a firm's various services and offices, a practice that has heavy consequences for the constitution of current records, and obviously historical ones as well.

It is not difficult to understand, therefore, that the first step for anyone wanting to correctly contextualize the individual papers singled out and transcribed for the purposes of one's own needs and aims is to learn about the beginnings (and successive vicissitudes) of the archives (and individual records) and to understand any changes that came about within the organizing structure. It is of primary importance to establish right from the start the precise relations between document and producing agent (a service, an office, a manager), even before any interpretation is attempted, so as to be able to understand and read the real sense of the documentation preserved.

This, as usual, is where inventories come in. Their job is to describe the re-ordered stock of archives both synthetically and analytically and, if done correctly, besides an illustration of the filing system adopted in the re-ordering, they will contain a history of the archives, with explicit reference to the relations that existed inside the organizational structures that produced the documents. Although few archives have as yet provided for the editing and publication of inventories containing historical records introductions, it is certain that the best results - where the availability of effective tools for research is concerned - have come from historical archives pointing in that direction²¹. The editing of inventories conceived in this way has been linked with another strategy for enriching archival reserves: the publication of historical reconstructions, entrusted to specialist scholars, who would start by researching the primary sources preserved by the business enterprises. The result has been a wide variety of solutions, both in scope and structure. Enel and Ansaldo opted

²¹ Archivio Storico Fiat is editing a series of publications with the aim of supporting the research on its primary sources, such as, f.i., *Fiat: le fasi della crescita. Tempi e cifre dello sviluppo aziendale*, Torino, Scriptorium, 1996, or *Bibliografiat*, (ed. by M.R. Moccia) Torino, Scriptorium, 1998. With a similar purpose Ismec (Istituto per la storia moderna e contemporanea) has edited a specific Annal devoted to

respectively for a history of the sector and of the company, with the scientific editing entrusted to the Centre for the study of business history and economics documentation directed by Valerio Castronovo²². Fiat published a critical edition of the minutes of the boards of directors for the years 1899-1930, with general history introductions and specific studies on aspects of the company²³. These volumes were followed by some notebooks from Fiat's historical Archives on the industrial vehicles produced by group members and on Turin, city of the automobile²⁴. Telecom published the transcription of Sip and Stet's boards minutes for years 1925-1978²⁵. The Institute for modern and contemporary history of Sesto S. Giovanni published its own "Annals" containing essays on Breda and the transcriptions of the minutes of its board up to 1930. Also worthy of mention are the Notebooks of the Olivetti Historical Archives, where the interest focuses more on the history of business graphics and design than on historical or archival aspects²⁶.

Outstanding initiatives for potential future research seem to be those recently put into practice by the two main ex-State holding companies in Italy, IRI and ENI. After its demise (June 2000), IRI (the State-controlled conglomerate that had performed a high-profile role in entire industrial sectors from the early 1930s to the early 1990s) turned its fabulous collection of documents over to a special Foundation which, as well as making the material available to scholars, is producing basic inventories of the enormous number of firms that entered under IRI's partial or total

the Breda Archives, («Annali 3. Studi e strumenti di storia contemporanea», *Guida e fonti dell'Archivio storico Breda*, ed. by G. Marcialis-G. Vignati, Milano, Angeli, 1994).

²² *Storia dell'industria elettrica in Italia*, Roma-Bari, Laterza, 5 voll., 1992-1994; a *Storia dell'Ansaldo*, Roma-Bari, Laterza, 1994-2004, 10 vols.

²³ Cf. Progetto Archivio storico Fiat, *I primi quindici anni della Fiat. Verbali dei consigli di amministrazione 1899-1915*, Milano, Angeli, 1987, 2 voll.; Id., *Fiat 1915-1930. Verbali dei consigli di amministrazione*, Milano, Fabbri, 1991, 2 vols.

²⁴ C. Lussana-A. Mantegazza, *La Fiat e i veicoli industriali*, Venezia, Marsilio, 1997; *La capitale dell'automobile. Imprenditori, cultura e società a Torino*, ed by di P. Rugafiori, Venezia, Marsilio, 1999; *La Fiat nel mondo, il mondo della Fiat 1930-1950*, ed by C. Casalino-V. Fava, Venezia, Marsilio, 2001.

²⁵ Cf. Archivio Storico Sip-Telecom Italia, *La voce della memoria, Verbali dei Consigli di Amministrazione delle Società Telefoniche*, Torino, Telecom, 19**-19**, vol. I (1925-1933), vol. II (1933-1945), vol. III (1945-1964) e vol. IV (1964-1978).

²⁶ Cf. www.arcoliv.org/bookstore/bookstore.htm

control during the course of its history²⁷ (27). The Foundation has also seen to the publication of an exhaustive study on the privatization process that characterised IRI in the 1990s²⁸ (28) and is promoting various initiatives to enrich its own archives.

For its part ENI recently inaugurated its own history archives in its new headquarters of Pomezia (Rome), making available a stock of about 45,000 folders, significantly named “Sources for the history of energy in Italy”, starting from the early 20th century, that is the time when the original nucleus of the Italian oil industry was formed. As well as the papers of ENI (established in 1953), these archives include the papers produced by all the leading companies - Agip, Aipa, Spi, Snam –which later became part of the group. Together with the opening of the historical archives ENI gave the go-ahead for the publication of a series of “Documents from the historical Archives”, in order to inform a wider public of important landmarks in the history of the oil industry, and not just in Italy.

Again in the field of public enterprise, great importance should be given to the papers of IMI, the Institute of Industrial Finance created in 1931 to give financial support to industries in difficulty. Today most of these papers are preserved in IMI's history archives, set up in April 1995. In this collection, preserved in special archives just outside Rome, of extraordinary interest for business history are the papers concerning firms that obtained financial aid from the Marshall Plan (and from other American aid programs after the second world war). In fact IMI was the institution entrusted by the government to manage these funds, and the instructions for every financing act involved the collection of detailed information and specific administration and accounting documents amassed over a long period of time (in some cases right back to the firm's foundation)²⁹ .

²⁷ *L'archivio storico IRI. Rapporto sullo stato di avanzamento del progetto*, in Fondazione IRI, *L'IRI nella storia d'Italia. Problemi e prospettive di ricerca*, Roma, Edindustria, 2003, pp. 117-252

²⁸ *Le privatizzazioni in Italia 1992-2000: IRI*, Roma, Edindustria, 2001

²⁹ M. De Luca Pacione, *L'Archivio storico dell'IMI e la documentazione sui finanziamenti delle attività produttive connesse all'ERP*, in *La rinascita economica dell'Europa. Il Piano Marshall e l'area alpina* (ed. by A. Bonoldi & A. Leonardi), Milano, Angeli, 2006

As already indicated, the number of interventions by industrial companies concerning the general organization of their own current records, together with the setting up and defining of strategies to enrich them is an ever-increasing phenomenon that poses methodological questions as yet unresolved : from an approach to the documents on non-traditional lines to strategies for safeguarding an endangered patrimony³⁰, from the external and internal communication strategies that the business archivist must pursue in order to obtain resources for managing a historical archives³¹, to the very definition of the professional archivist. In the last ten years these themes have been tackled by the review “*Archivi e imprese*”, created at the end of the 1980s thanks to the efforts of business archivists and historians. Under the intelligent and passionate direction of Duccio Bigazzi, the review - published by Il Mulino from 1996 and by Marsilio from 2003 – has taken an active interest in archives and business records, collecting together contributions on methodology, reflections on experiences in the field, information and news. Always attentive to international dimensions and supporter of an active collaboration between archivists and historians, after the premature death of Duccio Bigazzi in April 1999, the Review, on reaching its third series, is continuing his work with the new title «*Imprese e storia*».

6. *The relevance of external sources to Italian business history*

On account of the plurality of individual subjects and active or interested groups, a correct approach to the study of industrial enterprise as a complex organization cannot ultimately be detached from an examination of the documents produced outside the firm.

It is indeed the external context that to a large extent defines the restrictions and opportunities faced by a business enterprise most probably operating in a market that has little in common with the perfectly balanced market conjured up by neo-

³⁰ D. Robotti, *Il buco nero di fine millennio: riflessioni intorno alla (ineluttabile?) perdita degli archivi correnti delle imprese*, in *Le carte operose*, op. cit.

³¹ E. Pacchioli, *Pinocchio, la pizza, la mamma, il forte Belvedere e la Lettera 22*, in *Le carte operose*, op. cit

classical economists. Instead, it is bound to be a market deeply influenced by its external surroundings, that is by institutions, rules, industrial policies, but also by finance and technical progress, not to mention cultural and ideological factors. The large number of actors involved can hardly fail to entail forms of interaction and conflicts intrinsic to industrialized economies, and consequently to produce specific forms of documentation concerning the behaviour of such subjects. External sources, then, are an obligatory acquisition for anyone intending to work on a business history that is more than one-dimensional, capable of giving depth to the evolutionary processes of the enterprise itself and to the relations between organization and outside world.

In Italy, as elsewhere, a pivotal role in safeguarding and preserving important business history reserves has been played by the central State Archives. In this institute are preserved archival records of extraordinary importance, containing papers relating to IMI and IRI's early years of activity, or documents from the State's central administrative bodies concerned with the regulation and, at times, financing of industrial enterprises (from the construction of the first post-unification railways to the great works of infrastructure, to supporting policies for the so-called "national champions", the council of ministers, *in primis*, has left important traces in the relative documents).

Besides, in the various State Archives distributed around the country can be found traces of great industrial enterprises or services no longer in existence (the case of the Terni records and those of Bastogi turned over to the Milan state archives are, in this sense, conspicuous but not unique). But in the State Archives it is also possible to trace important indirect sources of business history. This is the case with the archival reserves of the Prefectures, which often prove invaluable for cases where industrial relations have been particularly conflictual or where the size or activity of the business sector were such as to condition or affect the economy of the host city (think of the cases of Ansaldo in Genoa or Fiat in Turin).

Another interesting external source of documentation for the history of the big industrial groups is represented by the archives of that foremost economic institution, the Bank of Italy, together with other important financial institutions, largely the great mixed banks active in that capacity from the end of the 19th century to the early 1930s (Banca Commerciale Italiana, Credito Italiano, Banca di Roma and Banca Italiana di Sconto). The great banks' historical archives are a fundamental resource to understand the quality of the working procedures adopted, the long or medium-term financial relations with investors and shareholders, external evaluations of an enterprise's business prospects, and the actual stock and financial holdings of the companies entrusted. It will suffice here to signal just a few of these funds. A source of exceptional interest for the study of bank – business relations in the 1920s and '30s is afforded by the Sofindit archive, the Banca Commerciale's financial holding, created with the aim of dismantling the bank's huge investment in heavily indebted firms. In this fund it is possible to examine Giorgio Di Veroli's papers³², which show in detail how mixed banks were equipped to face the crisis of the late 1920s and with what means and methods they intervened in the management of the enormous amount of business investments accumulated in their portfolios. Moreover, the documentation produced by Sofindit's main collaborators in those years - from Agostino Rocca to Oscar Sinigaglia, from Reiss Romoli to Pasquale Saraceno, to Camillo Ara - bears extraordinary witness to the demeanor of those "engineers who can read a balance sheet" men who, through rearranging holdings and re-organizing production, straightened out strategic sectors of the Italian economy³³.

Of course the brief examination carried out so far by no means exhausts the multiplicity of sources external to business but able to provide a wealth of documentary reserves for anyone interested in Italian business history. Public

³² He acted as Central Director at BCI between 1935 and 1938, but he was forced to abandon this position by the racial laws: later he moved to New York, where he became the BCI Chief representative in the U.S.

archives afford important information for contextualizing relations between public authorities and business enterprises, together with contextual data. But above all the historian must pay constant attention to private archive reserves, both personal and family. But that is not all. What has often proved of fundamental importance are the papers of other economic organizations, whether representing business management or trade unions, economic departments or local bodies. It would be of little use simply to indicate the possibilities of discovery and research. The history of industrial districts, for example, shows the importance of archivist discoveries made beyond the confines of the single firms, also when taking into consideration organizations that are non-economic but are nevertheless influential in determining the cultural and regulatory contexts in which the small and middle-sized firms that form the backbone of an area operate³⁴.

Likewise, it must be borne in mind that the development of historical research has over time extended the range of documentary typologies relevant to new issues and fields of investigation, so that typologies such as the “grey” literature produced by business offices – from internal regulations to internal-use technical reports – have assumed a new importance on account of new scales of investigation. They are complex sources, often not strictly serialized, and can produce indications not easily qualifiable *a priori* where defining fields of research is concerned. It is left to the ability of the historian and researcher to integrate and enrich reconstructions and provide explanations, in useful contact with the social disciplines that help historiography to clothe bare narration, reveal regularities and irregularities in economic and social behaviour, and hazard generalizations that make it possible to add depth to over-simplified models.

³³ Cf. G. Montanari, *Introduzione*, in Archivio storico Banca Commerciale Italiana, *Società Finanziaria Industriale (Sofindit)*, Milano, 1991, pp. I-XLII; F. Ricciardi, *Gestione e riorganizzazione industriale durante la grande crisi: da Comit a Sofindit (1930-1934)*, in «Archivi e imprese», a. 9 (1998), n. 18.

7. Two case-studies: *The Venice Arsenal in the XVI century and the Edison Co. at the turn of the XX century.*

In this final section we will discuss two case-studies which appear particularly significant in order to show the relevance of a sagacious cross-utilization of different sources for enlightening controversial issues of Italian business history. Both refer to questions of bookkeeping and accounting, although in very different contexts: Venice during the late Renaissance and Milan during the first wave of accelerated industrialization of Italy, at the turn of the XX century. The first is very recent and challenges the dominating paradigm in accounting and business history, the second had path breaking effects on the study of bookkeeping and accounting practices of industrial concerns of the peninsula.

At the core of the first research³⁵ is to the evolution of the managerial and accounting practices and notions at the Venetian state shipyard - the *Arsenale* - after the Lepanto battle (1571) against the Turks. The Arsenal was probably at the time the largest industrial works of the Christianity, employing up to 3.000 workers: back in the early 14th century it was given the monopoly for the production of military galleys, the fighting ships most fitted to the low waters of the lagoon for which Venice had gained a wide reputation. In spite of the Lepanto victory, Venice had to face a growing pressure for the control of the East Mediterranean sea from her bellicose competitors: in just eighteen months they were able to reconstruct anew their fleet, almost totally destroyed in the battle. As a consequence the Republic decided to greatly reinforce her military fleet, carrying out a decision that had already matured in the previous years: to set up a reserve of 100 light and 12 great galleys, actually almost doubling the effective fleet in the sea. The maintenance of this additional reserve became the chief goal of the Arsenal's activity. This meant a tremendous a productive and

³⁴ Here no mention has been made to the role of oral sources. For a preliminary survey of this literature, cf. D. Bigazzi, *Impresa, lavoro e fabbrica: alcune riflessioni sull'utilizzo delle testimonianze orali*, in *Fonti orali e storia d'impresa*, a cura di R. Covino, Soveria Mannelli, Rubbettino, 2000.

³⁵ Luca Zan, Franco Rossi & Stefano Zambon, *Il «discorso del maneggio». Pratiche gestionali e contabili all'Arsenale di Venezia, 1580-1643*, Bologna, il Mulino, 2006

organizational effort, which had to cope also with the almost exhausted supply of workforce and timber while affecting the urban structure of the city as well.

Changes occurred at the Venice Arsenal since the late 16th century had been already broadly studied by historians from different fields: architecture, politics, society, bookkeeping, accounting and, of course, economics. More specifically, the significant innovations realized in the accounting practice and the organization of labour had been already noticed and commented upon starting from the classic contributions by Fabio Besta³⁶ and Frederic Lane³⁷. What was still missing was an interdisciplinary approach which took into consideration also the perspective of business history. It is here precisely where the major contribution of this research gets in. As it is specified in the introductory chapter, the very nature and complexity of the huge amount of primary sources on which the research is based - «strongly requires merger and dialogue, with regard both to the Italian debate and the international literature»³⁸ : a blend in which the right space is to be reserved also to the managerial literature and the “new” accounting history.

Therefore one fundamental pre-requisite of the research was the capacity to handle - i.e. search, transcribe, interpret and contextualize - the relevant documents available in the astonishingly rich Venice State Archive. The more so as the research - being no systematic accounting records and books survived - had to rely on collections of different sources which contain pieces of information on the accounting and management practice of the time: on the one side, laws and deliberations carried on by different authorities of the Republic; on the other, a number of institutional reports, systematically submitted to the Senate by the representatives elected to the different institutional positions of the Arsenal's technical/administrative hierarchy (a large sample of the original text of these sources is presented in the Appendix of the volume).

³⁶ *Bilanci generali della repubblica di Venezia*, Venezia, 1903-1912

³⁷ *Venetian Ships and Shipbuilders*, Baltimore, 1934

³⁸ Luca Zan, Franco Rossi & Stefano Zambon, *Il «discorso...»*, cit. p.28

From the careful analysis of these series of documents for the period 1580-1643 it emerges that ‘the 100 galleys issue’ not only called for a clear improvement in the accounting and managerial practices at the Arsenal but induced as well a process of reflection and conceptualization over those procedures: new concepts and notions were set up, «together with an ability to talk about managing issues through newly developed accounting concepts»³⁹. Specific aspects of this process were for instance the reconstruction of the financial flows between the Republic and the Arsenal and to the surfacing of new calculative issues, those of expenditure control and cost of production are tackled in the three remaining chapters: but room is devoted also to key actors of such a change, technicians, accountants and managers. Therefore the research shows the limits of the mainstream approach of business history, which sees the origin of modern management in the profit-oriented scale-efficient Anglo-American firms associated with the Industrial and, mostly, the Managerial revolutions: in other terms along the Sidney Pollard-Alfred Chandler line. As a matter of fact the case of the Venice’s Arsenal – a not-profit public undertaking whose search for efficiency was not driven by economic imperatives but by political-military strategies – was not just an anomaly: a few other European pre-industrial public undertakings shared similar characteristics.

In our second case-study the analysis of the business documents concerning a specific company history - the Italian Edison Electric Company between 1884 and 1916⁴⁰ – showed itself particularly useful in explaining the micro-behaviour and strategies of Italian joint stock companies: namely - at a general level – how these are affected by the fiscal policy and the existing set of laws and regulations; at a more specific level, which procedures and devices were put forward by the company’s top management in order to escape the incumbent heavy taxation, on the one hand, and to avoid full transparency of governance and book-keeping toward the share-holders,

³⁹ ibidem, p. 54

⁴⁰ C.Pavese, *Le origini della società Edison e il suo sviluppo fino alla costituzione del gruppo (1881-1919)*, in B. Bezza (a cura di) *Energia e sviluppo*, Torino, 1985, P.A. Toninelli, *La Edison. Contabilità e bilanci di una grande azienda elettrica (1884-1916)*, Bologna, 1990

on the other. The bulk of the internal primary sources of the company has been cross-referenced with official (published) statements, public records and technical and juridical sources.

The Italian Edison Company was formed in Milan in 1884: it was the only electric firm in Italy fully licensed to use the Edison system for electric lighting and power. The company had to overcome the difficulties of the early years, due essentially to technological uncertainties, the ones usually connected with the first phase of a new technological paradigm. However, once got rid of the ties with the mother company and learned and experienced in the new field of hydroelectricity, alternating currents and high-voltage long-distance transmission, the company could benefit from its location as well as from the accelerating growth and industrialization of the Italian economy. Being in the core of the most dynamic region of Italy and taking advantage of its rent position – the one gained as first comer in hydro-power production in Lombardy – Edison made up huge profits and reached an outstanding position in the country's productive system.

However, going through the official figures, that is the published balance sheets, one gets only a pale portrayal of this high profitability, which can make him suspect it does not reflect the real situation of the firm. There were at least three good reasons to hypothesize that those figures were misleading. The first was that being Edison a precocious (quasi) public company, its managers didn't have to please one or few owners with high profits; they had only to satisfy the very large body of stockholders with fair dividends, leaving the difference to net income for self-financing, therefore for the growth of the company. But to have them content with the dividends usually paid, net income in the official balance sheets should have not differed much from the amount overall paid. The second was the 10% tax-rate on gross profit, that is a level of taxation that was almost an invitation to find any possible way to escape (partly at least) what at that time represented a real heavy burden. And finally there was the laxity of the law, which did not prescribe any tight

procedures in laying down financial statements. More specifically two were the shortcomings of the law that seemed to deserve further investigation: no juridical requirement concerning the sinking fund, ignored by the law, as well as the posting of specific items for investment and cost expenditure in the balance sheet.

As a consequence amortization procedures were very difficult to control and evaluate. Net values of fixed assets were posted each year after a 'direct' depreciation arbitrarily determined by the managers who didn't have to take care of any range or ceiling. This practice is supported by the evidence drawn on a careful analysis of the ledgers of the Edison Company which made possible to reconstruct the specific depreciation allowances of each class of assets and contrast them both with the average rates suggested by contemporary technical, economic and engineering textbooks and with the average allowances posted abroad. In the most profitable years differences between the average actual rate and the correct 'hypothetical' average rate amounted to 5-10% of the gross value of fixed assets⁴¹.

On the other hand the lack of precise instructions concerning the classification of the balance sheet opened the way to the 'voluntary' confusion between investment and cost of maintenance: in the Edison book-keeping, as in many other cases, some investment expenditures were posted in the income statement as fictitious 'special maintenance costs' instead of being classified as investment and as such posted in the financial statement.

The two expedients combined enabled the Edison Company to retain an impressive amount of disguised profits: their value ranged between 10 and 15% of total gross sales per year with a 17.5% peak in 1904. Ploughed back profits laid eventually the foundations of the aggressive strategy of expansion through mergers and consolidation followed by the company from the early XX century. However if Edison represents a successful case of exploitation of the

weakness and defects of the Italian administrative policy, other cases were not: the sharp financial panic of 1907 was a consequence also of the unsound bookkeeping of a number of Italian joint-stock companies.

It can be said as a conclusion that in both cases, in the successful Edison Company and in the several firms which failed, the opening of what was at the time a real *black-box* of Italian economic and business history - the bookkeeping and accounting procedures of the firm - can cast new light on how the macroeconomic system worked in the past and, to some extent, also works today. On the one hand short-term and apparently not so important micro-decisions and behaviours, such as yearly bookkeeping or loose auditing, had actually primary effects at the macro-level. To understand the ways in which Italy's process of industrialization and growth was financed and how it performed one has to reckon also with problems like the amortization procedures, the law and institutional framework and the short-term strategies concerning profits and dividends. Only in this way delicate mechanisms of the engine of growth such as, for instance, self-financing can be satisfactorily revealed. On the other hand, such typically Italian little story shows how short-term decisions can have lasting and long-term effects, too. Today's accounting procedures and routines of the firm as well as shortcomings of the Italian fiscal system should be explained also in terms of the pre-World War II micro-behaviour of the companies. This path-dependence is particularly evident, for instance, in the continuous and insofar unsuccessful struggle of the Italian government against tax-evasion by Italian firms.

⁴¹ Toninelli, *La Edison...*, cit, pp.