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Gian Giacomo Migone, Translated by Molly Tambor
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The United States and Fascist Italy

The Rise of American Finance in Europe

Originally published in Italian in 1980, *Gli Stati Uniti e il fascismo. Alle origini dell'egemonia americana in Italia* is regarded today as a crucial text on the relationship between the United States and Italy during the interwar years. Aside from the addition of two new prefaces – one by the author and one by the book's translator, Molly Tambor – the original text has remained unchanged, so that Anglophone readers now have the opportunity to engage with this classic work.

By analyzing the enduring relationship between the United States – especially its financial establishment – and Fascist Italy up until Mussolini's conquest of Ethiopia in 1935, this book provides answers to some key questions about the interconnectedness of America's rise to hegemonic global financial power in the twentieth century and its support of Italian Fascism during this time.

Gian Giacomo Migone was Professor of History of Euroatlantic Relations at the University of Torino, Italy. He is the author of *Problemi di storia nei rapporti tra Italia e Stati Uniti* (1971) and *Banchieri Americani e Mussolini* (1979), as well as of numerous essays concerning Euro-Atlantic relations before, during, and after the Cold War. In 1989 he was Lauro de Bosis Lecturer of Italian Civilization at Harvard University. A member of the Italian Senate from 1992 to 2001, he chaired its Foreign Relations Committee for seven years, as well as the Advisory Board of the United Nations System Staff College and the Civilian Affairs Committee of the NATO Parliamentary Assembly. He is the founder and first editor of *L'Indice dei libri del mese*, an Italian cultural monthly.

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Every discourse on power is implicitly a discourse on what is
outside that power; that is, a discourse on a different and
alternative power.

Domenico Jervolino

Contents

<i>Abbreviations</i>	page ix
<i>Preface to the English Edition: “Je ne regrette rien”</i>	xi
<i>Preface to the Italian Edition: Sources, words, and debts</i>	xxxvii
<i>Translator’s Preface</i>	xlvi
Introduction: The Origins of American Hegemony in Europe	I
American Economic Power after the First World War	I
Class Conflict in the United States	4
The Defeat of the American Working Class	9
American Expansion in Europe	13
American Policy for European Stabilization	22
1 The United States and the Rise of Fascism in Italy	28
United States’ Policy and the Isolation of Italy before Fascism	28
American Reactions to the Rise of Fascism	36
The Matteotti Crisis and the Manipulation of the Press	50
American Reactions to Mussolini’s Early Foreign Policy	68
The Shaping of Italian Foreign Policy	77
Mussolini’s Policy toward the United States	82
2 United States Economic Policy toward Italy	86
The Question of War Debt	86
The Role of the House of Morgan	90
Italian War Debt: Background	94
The Start of Negotiations	105
The Volpi Mission	117
Explaining the Accord	131
American Investments in Italy	141
The Morgan Bank and Investments	150

	American Investments in Europe	165
	The Stabilization of the Lira	170
3	The United States and Italy Confront the Great Depression	192
	The Economic Crisis and International Relations	192
	Hoover and Stimson's Foreign Policy	199
	Italian Foreign Policy from Mussolini to Grandi	202
	The London Naval Conference	210
	The World Disarmament Conference	222
	Economic Collaboration between the United States and Italy in the Face of the Crisis	239
	Grandi's Visit to Washington	257
	The Lausanne Conference	266
	The Significance of Grandi's Policies	269
4	Roosevelt and Fascist Italy, from the London Economic Conference to the Italo-Ethiopian War (1933–1936)	287
	Foreign Policy during the Roosevelt Administration	287
	Roosevelt and Italian Fascism	298
	War in Ethiopia Challenges the Principle of Collective Security	309
	The Role of the United States	313
	The Position of the Roosevelt Administration	317
	Italo-American Trade and the Oil Question	326
	The Debate on the Embargo of Raw Materials	336
	The Neutrality Act of 1936	342
	The Solidifying of Political Factions	344
	Italian-Americans and the Ethiopian War	349
	The Opposition of Exporters	356
	American Diplomats and Appeasement	360
	The Morgan Bank and Appeasement	368
	The Origins of American Opposition to the Dictatorships	379
	Conclusion	389
	<i>Index</i>	397

Abbreviations

AADS	Alberto de' Stefani Archive
AALP	Alberto Pirelli Archive
AC-DM	Dwight Morrow Archive, Amherst College
AC-GC	Gelasio Caetani Papers, Archivio Caetani
ACS-FAS	Agenzia Stefani Papers, Archivio Centrale dello Stato
ACS-GVM	Giuseppe Volpi di Misurata Papers, Archivio Centrale dello Stato
ACS-MCP	Ministry of Popular Culture Papers, Archivio Centrale dello Stato
ADG	Dino Grandi Archive (many of the papers in this archive are collected in drafts for a subsequently published volume; the pertinent section is indicated in Roman numerals)
AGF	Giovanni Fummi Archive
AMAE	Archives du Ministère des Affaires Etrangères, Paris
ASMAE-AAW	Political Affairs Archive, Archivio Storico del Ministero degli Affari Esteri, Rome
ASMAE-AG	Archive of the Cabinet, Archivio Storico del Ministero degli Affari Esteri, Rome
ASMAE-ASG	Archive of the Secretary General, Archivio Storico del Ministero degli Affari Esteri, Rome
BE	Bank of England Archive
BIAG	General Archive of the Banca d'Italia
BIAGSRE	General Archive of the Banca d'Italia, Foreign Relations Section
BIAGUS	General Archive of the Banca d'Italia, Research Office

BLCU-GLH	George L. Harrison Archive, Butler Library, Columbia University
BLCU-NMB	Nicholas Murray Butler Archive, Butler Library, Columbia University
CFR	Council on Foreign Relations Archive, New York
DDI	Italian Diplomatic Documents
FDRL-OF	Official Files, Franklin D. Roosevelt Library
FDRL-PSF	President's Secretary Files, Franklin D. Roosevelt Library
FRBNY	Federal Reserve Bank of New York Archive
FRBNY-BS	Benjamin Strong Archive, Federal Reserve Bank of New York
FRUS-DP	Foreign Relations of the United States, Diplomatic Papers
HUGSBA-TWL	Thomas W. Lamont Archive, Graduate School of Business Administration, Harvard University
HUHL-JCG	Joseph C. Grew Archive, Houghton Library, Harvard University
HUHL-JPM	J. Pierrepont Moffatt Archive, Houghton Library, Harvard University
HUHL-WP	William Phillips Archive, Houghton Library, Harvard University
LC-CC	Calvin Coolidge Presidential Papers, Library of Congress
LC-CEH	Charles Evans Hughes Archive, Library of Congress
LC-CH	Cordell Hull Archive, Library of Congress
LC-HPF	Henry P. Fletcher Archive, Library of Congress
LC-NHD	Norman H. Davis Archive, Library of Congress
LC-WEB	William E. Borah Archive, Library of Congress
LC-WED	William E. Dodd Archive, Library of Congress
LC-WJC	Wilbur J. Carr Archive, Library of Congress
MHS-FBK	Frank B. Kellogg Archive, Minnesota Historical Society
NA-DS	Department of State Archive, National Archives
NA-IR	Italian Records, National Archives
PRO-CAB	Cabinet Archive, Public Records Office, London
PRO-FO	Foreign Office Archive, Public Records Office, London
YUL-HLS	Henry L. Stimson Archive, Yale University Library

Preface to the English Edition: “Je ne regrette rien”

I. WHAT HISTORY?

I started out with the best of intentions. Since my book was written in Italian thirty-five years ago, the idea was to sweep the dust off it with a preface that provided the reader with a meticulous update of further contributions as well as reactions and comments to it by other scholars and a levelheaded discussion of the corrections they inspired. I am not going to do so, with a few exceptions as I go along. To be honest, I do not think anything has been added that would lead me to change my basic interpretations more or less as they were formulated a long time ago. Like Edith Piaf, “Je ne regrette rien.” So revise the text, no. But explain the point of view from which it was written and why I believe it remains relevant today, yes. In so doing it is also my intent to lead my new readers into a universe of human reactions and a pantheon that will seem remote and even exotic to most of them, but perhaps worth a visit.

Any historian should live up to Marc Bloch’s *memento*: she or he “. . . is like the ogre of the fable. Where he can feel the scent of human flesh, there is his prey.”¹ But the ogre itself is not devoid of human frailty, even if it sometimes pretends the opposite is the case. The choice of prey and how it sees it, plays with it, and devours it is deeply affected by its humanity. Any historiographical exploration should go beyond the written word of the person who reconstructs the past and ask what affected that particular interpretation or school of thought, while questioning its relevance to ongoing discussion.

¹ M. Bloch, *Apologia della storia o Mestiere dello storico*, Torino: 1969, p. 35.

I believe Benedetto Croce was right when he wrote that “All true history is contemporary history.”² Whatever the object and chronology of the research, its relevance will be measured by contemporary standards. Also, any author could and should bring to his or her scholarship, however documented and aseptic its formulations, the imprint of culture, life, personal experience, and accumulated convictions as affected by the contemporary events that surround and imbue his or her research and writing. While Gaetano Salvemini liked to disagree with Croce, especially on political issues and attitudes, in this respect he tread a similar path, only going one step further. On many occasions he pointed out that he did not believe in objectivity, but rather in what he called intellectual honesty. Better if the convictions of the historian, even prejudices possibly reflected in his or her scholarship, were clearly stated. According to Salvemini, as well as to Marc Bloch, writing history requires a hypothesis in order to select the questions relevant to set a course and interrogate a constant flood of documents; growing at a rate all the more impressive the more recent the events to be reconstructed, I should add. What Salvemini called intellectual honesty was the duty to adapt or even change or abandon any such initial hypothesis in the face of evidence that contradicted it. Historical facts do exist. Sometimes it is the benefit of hindsight – a legitimate though not always indispensable tool of any historian – that establishes a set of facts, rather than the detailed interpretation of documents regarding episodes not always relevant. As E. H. Carr would claim, writing history is like describing, reproducing, even photographing a range of mountains. The mountains are there, but the perspective, the angle, the lens, and the objective are the photographer’s choice.³

Guided by this conception of our trade, I remember a critical comment of my American mentor, Ernest May: “I see what you mean. But what mostly stimulates me is more like the curiosity of the scientist who wants to understand and describe the characteristics and movements of the object of his or her attention.” I could not, and would not, deny this need, nevertheless recognizing that it did not and does not represent my primary motivation in the choice of the objects of my research. Otherwise, I still feel, rather than a historian, I might as well have tried to become a botanist or an entomologist.

² “Ogni vera storia è storia contemporanea,” in G. Galasso, ed., *Teoria e storia della storiografia*, Milano: 1989.

³ E. H. Carr, *What Is History?* London: 1965, pp. 7–30.

Another one of my American teachers, H. Stuart Hughes, used to say that, as a scholar of intellectual history, he always felt that the most productive attitude was a sort of gradually growing love–hate relationship with the author whose texts he was analyzing. I was to discover similar feelings reconstructing the strategies and machinations of my Morgan bankers or appraised Mussolini’s acute understanding of his need for moderation in order to satisfy their requirement of stabilization of the European scene in the 1920s. I hated them because, in the process of stabilizing capitalist Europe, they also contributed to consolidating the Fascist regime in Italy, but I could not help feeling waves of admiration for their strategic capacity to act as surrogates, substitutes (or could it have been usurpers?), of an otherwise isolationist American diplomacy, while turning it into *moneta sonante*, solid coin, as an almost secondary purpose.

Every scholar has his or her own means of reconciling the apparently conflicting needs for passion and detachment. But it is in the choice of the object of inquiry, rather than in subsequent writing, that the historian legitimately shows his or her colors – whether guided by passions or even, affected by a personal perception of past events that stems from a vision held as a contemporary human being. Because, without passion there is no scholarship. As Saverio Vertone, my friend and colleague in the Italian Senate, used to say, “Our mind is like a vessel, more or less well equipped with sails; but without the winds of passion, it goes nowhere!” In Bloch’s *Feudal Society*, as well as in Salvemini’s reconstruction of social conflicts in late thirteenth-century Florence (not only in *Mussolini diplomatico* and throughout his abundant, obviously militant writings), this passion is not hard to recognize, in the choice of subject, the man, the times he lived in, and the culture he was imbued with – even the militant’s motivation behind the impeccable scholarship.⁴ And what about another great historian, Franco Venturi? It is no coincidence that he chose to write his first book, *La jeunesse de Diderot*, as a young anti-Fascist exile in France, followed by a pathbreaking study of Russian populism researched while experiencing the Stalinist Soviet Union as a cultural attaché in Moscow, only to then settle down in Torino to work on his five-volume study of Italian eighteenth-century illuminism, significantly dedicated to all those who have tried to reform his and their country, at any stage of its history.⁵

⁴ M. Bloch, *Feudal Society*, 2 volumes, New York: 1989; G. Salvemini, *Magnati e popolani in Firenze dal 1280 al 1295*, Firenze: 1899; *Mussolini diplomatico*, Bari: 1952.

⁵ F. Venturi, *Jeunesse de Diderot (de 1713 à 1753)*, Paris: 1939; *Il populismo russo*, 2 volumes, Torino: 1952; *Settecento riformatore*, 5 volumes, Torino: 1970–1990.

These examples and many others bear out Croce's and Salvemini's call for an all-encompassing contemporary history that does not substitute, but indeed requires, the scholarly detachment, mixed with curiosity – in itself a passion – that other scholars such as May expected from their graduate students, perhaps nurtured by the mix of empathy and antipathy Stuart Hughes discreetly tried to convey to us as we were dealing sometimes too single-mindedly with our favorite heroes or villains.

When advising a student or a junior colleague in the choice of the subject of a thesis or a book, the first question ought to be “Where does your interest, if not passion, lead you?” followed by “What is the silence you feel needs to be broken? You are going to spend a lot of time and energy that you do not want to waste!” Erudition for its own sake, quantity at the expense of quality, particularly tempting in the case of contemporary history, with so many new documentary sources readily available, should obviously be avoided, though what we might call the “academic system” is slanted in the opposite direction. No historian should ever forget that final, vitriolic remark that concluded an otherwise laudatory review by Malcolm Muggeridge of an exquisitely researched and written monograph (I quote from memory): “But do we really need to know so much about so little?” The choice of an object of research responds to a need to break a silence, the silence of history, often favored if not dictated by the convenience of a public, even political, silence. Of course it can also be caused by lack of available documentation or simply because a given object has been temporarily put to rest by previous scholarship, the possible results discounted as too obvious to be worth further investigation, or by a prevailing methodological fashion that causes the profession to look elsewhere. But there frequently also can be (I say this from my own experience) a silence dictated by expediency, whether social, academic, or blatantly political – conscious or, more often, unconscious. Expediency is by definition varied or multifaceted, inspired by a prevailing ideology or balance of power; the outcome of a war or its possible effects on another war still being waged; or, indeed, the silence of the defeated, who may consider it necessary to remain silent. For many years after the Second World War, any suffering endured by the defeated Germans, especially if cruelly inflicted by the victors, was considered off limits, for opposite but converging reasons, by scholars both German and of “victorious” nationality. It took Kurt Vonnegut to break that deafening silence over Dresden and another writer, John Hersey, to do so in the case of Hiroshima, but for years their example

was not followed by scholarly authors.⁶ And, to pick a different example, even today, how much do we know of the anti-Semitism of the upper classes, even in democratic countries, before they saw fit to react against Hitler's aggression? Ethically speaking, it is what Julien Benda called *la trahison des clercs*, the treason of the intellectuals who remain conveniently silent. Breaking this silence or what can be defined as the existing state of the art is an essential factor not only of scholarship, but in any public debate and can, perhaps, be extended to any field of human knowledge, often surprisingly subservient to fads or fashion. Many colleagues (Stefano Sciuto, a distinguished physicist, and indeed my daughter, Thi-Sao Migone, a biomedical scientist) have taught me that even the harder sciences are likewise affected. In our case, a legitimate question, by no means the only or decisive one, is "What piece of historical investigation, no matter how far distant in the past, can be relevant to the public debate as I see it?" This leads me back to my own motivations in embarking on thirteen years of research and how I was affected by it.

2. GROWING UP WITH HISTORY ON MY MIND

Where, indeed, was public motivation for young Italians coming of age in the 1950s, who in their childhood had experienced war on their own territory, with recent memories of foreign occupations, and who lived with the pain and satisfaction of reconstruction? They had to seek it in the more vital part of the Risorgimento and, subsequently, in the most conspicuous popular resistance movement against German occupation in Europe and the remnants of the Fascist regime. In the foundations of a democratic Republic, as against a Monarchy that first surrendered to Fascism but also ensured the continuity of an opportunistic ruling class; indeed in a Constitution of which many of us were and still are proud.

Many others, even a majority of the middle and upper classes, were nostalgic of the recent past that, until and throughout the war, had assured their social status, strenuously trying to forget its end in defeat and national humiliation. Their main concern was that stability and social order should not be questioned. Even today, sixty years later, I feel at times that we are not free from this syndrome. Therefore the Church, the United States, and the Christian Democratic Party were expedient resources, even at the cost of prolonged national subalternity. Present

⁶ K. Vonnegut, *Slaughterhouse-Five or The Children's Crusade*, New York: 1969; J. Hersey, *Hiroshima*, New York: 1946.

governments still find it convenient to blame unpopular measures on some superior authority. When I arrived at the University of Rome as a student in 1959, it was still a stronghold of neo- and crypto-Fascists. As the capital city, with its concentration of bureaucracy, Rome was the part of the country that had most benefited from the Fascist regime. This was not typical of the rest of Italy, but the reality I came up against in the late 1950s. Although the majority of the student body did not take part in varsity politics, the Fascists and a dissident pro-Nazi splinter group held the democratically elected majority of the student parliament, while all the others – the Christian Democrats, the Socialists, the Communists, and the conservative *Liberali*, not to be confused with American liberals – could only hope for the recurrent feuds within the extreme right, in order to find some breathing space.

Fortunately, the faculty was more varied than the politically motivated element of the student body. Of course there were tensions even within the anti-Fascist minority (the country as a whole was politically controlled by centrist coalitions led by the Christian Democratic Party); between those, like myself, who had demonstrated against the invasion of Hungary and the supporters of a Communist party – the Partito Comunista Italiano (PCI) – that waited twelve more years, until the subsequent invasion of Czechoslovakia, to renounce its allegiance to Moscow. But all in all, as we moved in and around the monumental marble buildings of the University of Rome, a constant reminder of a past that would not go away, it was from that past that we wanted to distance ourselves. If not to Moscow and to its local representatives, where did we look? Those of us who were politically aware and socially privileged – almost all those who could pursue a university degree in the 1950s and early 1960s in Italy were at least middle class – thought we did our duty as citizens by voting for the first time for one of the so-called democratic parties, the Christian Democrats and their allies. Yet the Church of Pius XII, even Eisenhower's America, could hardly stir up the passion of Italians in their early twenties. The physical reconstruction of the country led by the Christian Democratic Party, while providing a majority of Italians with bread and reasonable hope for more, was nonetheless offensive to the natural and artistic beauty of the country and obviously tainted by corruption. What attracted me and many young Catholics were not the endlessly scheming Christian Democrats in power but the gust of fresh air produced by the election of John XXIII – Papa Giovanni, as we called him.

As I moved from Rome to the Catholic University of Milan, attracted by its campus, full of freewheeling, freethinking leftwing Catholics, I

happily joined a political and cultural circle committed to the Catholic trade union (Cisl) I was later to join, to a variety of socially active groups and intellectually relevant periodicals, and more rarely to the left wing of the Christian Democratic Party. In the background were the reformist papacy of John XXIII and the Archbishop of Milan, Giovanni Battista Montini, who would become Pope John's successor. There were also Ettore Passerin d'Entrèves, professor of history and my future Italian mentor, who would teach me to disagree without attempting to veto divergent interpretations of past and present, and, indeed, Giuseppe Lazzati, charismatic editor of the local Catholic daily *L'Italia* (soon I was to write its foreign policy editorials), a distinguished scholar of early Christian literature, and former Resistance leader who also was one of the founding fathers of the Italian constitution. They all acted as progressively inspired, protective divinities of a different future. Yet, the hierarchically structured university had been conceived by its founder, the Franciscan psychologist Agostino Gemelli, to shield a future Catholic ruling class from the gradually all-encompassing Fascist state. To achieve this end, according to the order enforced by Padre Gemelli, the university had to be at least as authoritarian as the surrounding Fascist regime.⁷

Fifteen years after the fall of Fascism, this philosophy still translated itself into a sort of unctuous and strongly hierarchical fundamentalism. The scene was set for a silent but radical rebellion on the part of the students, especially those more exposed to these rulings while living in one of the residential colleges. No wonder that it later became one of the focal points of the 1968 student upheaval. The king of Cambodia, Norodom Sihanouk, used to say that one of his sons came home from the Sorbonne a confirmed Communist, whereas the other, a student of the University of Beijing, became a staunch supporter of Western capitalism. In our case it could not be either. What we were up against was a peculiar form of authoritarian Catholicism, in stark contrast even to the *aggiornamento* foreshadowed by Pope John, not so different from the inspiration currently offered by Pope Francis. The rebellious mood in the Catholic University took the form of a new demand for separation between Church and State, a growing unease when faced with the political capital accumulated by the Christian Democratic Party, and an equally growing resentment against the trappings of the Cold War as such, rather than the total allegiance to one or the other camp imposed upon and required by the

⁷ This is the conclusion that can be reached from reading Giorgio Rumi and other historians of this institution. See *Storia dell'Università Cattolica del Sacro Cuore*, vol. I, Milano: 2007.

previous generation. Though some of us produced a prudently dissident Catholic periodical, *Relazioni Sociali*, others the more radical *Questitalia* (“la sinistra del Cardinale,” the Cardinal’s left, the latter would call us), major sources of our political culture were *Il Mondo* and *L’Espresso*, lay publications with a distinctly anticlerical slant, as well as the French daily *Le Monde*. We were more-or-less observant Catholics but resented anything that smacked of pure hierarchical authority within our own world. We believed in democracy and greater social justice, federalism, and a united Europe, with Third World sympathies, as an alternative to flat-out Western allegiance with American and indeed Soviet interference in the Italian political process. We hated nationalism as a remnant of Fascism but wanted self-government. Some of us were more realistically driven, like Romano Prodi, future prime minister; others socially committed to the Catholic trade unions and even, like myself, looking out for a long-term political perspective on the left with no concessions to the dominant political parties (the Christian Democratic Party and the PCI). We were all for the so-called opening to the left that included the reformist Socialist Party (PSI) in the government, but only the boldest among us were ready to vote for it – prudent progressives, sons and daughters (very few daughters) of the tranquillized 1950s who rarely demonstrated in the streets and did not even think of occupying public buildings (this was a few years before the fatal 1968), passionate readers of Hannah Arendt’s antitotalitarian analysis and Jacques Maritain’s firm distinction between religion and political engagement however religiously motivated. The politically less committed were a silent majority who had their future professions in mind. But most of us were inspired by Pope John and John F. Kennedy. The fact that Kennedy was to be the first Catholic who could become president of the United States was also relevant to our feelings.

Kennedy was also the second president of the United States, after Woodrow Wilson, to become an icon in the most remote villages of rural and mountainous Italy, even making inroads in the Communist strongholds of Tuscany and Aemilia. But to me and my moderately rebellious friends he was something more: a new hope within that Western world that was our habitat, more as a fact than by choice the lesser of two evils in the context of a Cold War that seemed tailor-made to split Europe and our own country, while keeping it subservient. Wilson, Franklin D. Roosevelt, and, to some extent, Kennedy (as later Barack Obama) spoke a language that was better understood in Europe than in their own country (“Un Européen” Charles de Gaulle called Kennedy at his death) as I was about to find out, in the years spent in Cambridge, Massachusetts, as a

graduate student in history. These presidents did not reject forms of American exceptionalism but in different ways projected it beyond recurrent European and indeed American nationalism, to outline a new world order. First and foremost, they represented values and institutions in stark contrast to the Soviet system and domination of Eastern Europe. For a while Kennedy made us forget the brutal power game played by the United States in Italy and many other countries, the McCarthy years, the frustrated hope for détente, even the halfhearted, failed invasion of Cuba.

The Kennedy years, to me and many others at the time, were defined by the New Frontier, Peace Corps, Alliance for Progress, and Atlantic Partnership – even opening to the left in Italy as the White House accepted this change despite a reluctant State Department and an equally reluctant majority of the ruling Christian Democratic Party. “Kennedy has captured your imagination” was the disconsolate comment of Millicent Fenwick, a fervent Republican friend of the elder generation. Even after having overcome my crush for the New Frontier, I had embarked on a lifelong love affair with the institutions of a country that at the time I only knew from hearsay. An ideal pick for the Harkness Foundation – which was offering an American advanced education to “future leaders” (an expression we, the happy few, in a somewhat self-derogatory manner, recognized as an exemplary Americanism) in our respective countries – the beneficiaries were progressively inspired, but anti- or at least safely non-Communists. Perhaps by no coincidence, the Harkness program was subsequently limited to students from the Commonwealth, as it had originally been, when an increasing amount of Fellows came back to Europe as radical critics of the Vietnam War and U.S. foreign policy.

In 1964 expectations were still high. On the spur of the Dallas murder, a tragedy for all of us, Lyndon Johnson’s Great Society meant the return of the New Deal commitment to social welfare which, as educated Europeans, we missed in the United States. In Washington I was privileged enough to meet William McChesney Martin, a longtime chair of the Federal Reserve, and the Bohlers (old family friends of my parents), as well as Francis Biddle, Jim Rowe Jr., Thomas Corcoran (“Tommy the Cork”), and other New Dealers, including Hubert Humphrey. They were mostly friends of Adlai Stevenson and Eleanor Roosevelt, who, in spite of grief for Kennedy’s death, felt more at home with the new president. Those of us who ventured to the Deep South, at some personal risk, with a New York or, even worse, Massachusetts license plate saw with their own eyes that Black America was on the move and that, in spite of recurring atrocities, sweeping civil rights legislation would eliminate Jim Crow from that part of the world,

though racial problems remained unsolved. In the footsteps of Italo Calvino, our Roman smugness led us to believe that racism was exclusively American or South African, not having yet experimented with the consequences of immigration from the South in our own countries. The atmosphere at Harvard seemed to me consistently liberal, open-minded, and receptive to young people's independent thought. All in all American institutions had resisted the onslaught of Communism in a manner consistent with the values of the Founding Fathers, guidelines for a federalist dream of a peaceful Europe that I shared with my friends at home.

3. HOW THIS BOOK CAME TO BE

It all started at a graduate seminar in 1965 on U.S. foreign policy in the 1920s – a seminar about nothing, according to then-prevailing historiographic wisdom, dominated by the concept of an all-encompassing isolationism – which was in itself further proof of Ernest May's perceptiveness. Only later would I find some antidotes of this orthodoxy in the writings of historians that were not mainstream at the time. I was curious about American reactions to the advent of Fascism in my country. I became even more curious when I found out that those reactions, both in the media and in available diplomatic correspondence, were positive, with very few qualifications and exceptions, once ascertained that the *coup d'état* did not lead to further disorder, but to stability. This challenged my perception of liberal democracy and its relationship to similar values in other countries. A confirmed Wilsonian, I had not yet discovered the darker sides of American interventionism. Why, then, would the introduction of a dictatorship in one of Europe's bigger countries, a former ally in a victorious world war, be good news to the *New York Times* as well as to the State Department? This, for me, was the big question my teachers did not answer but considered well worth pursuing. My initial paper was more descriptive than explanatory, but, after strong encouragement from authoritative and diverse sources, even contemporary witnesses (Walter Lippmann and Iris Origo, among others),⁸ it grew into my Italian thesis, a set of articles, and, after thirteen years of research, the book that has now been translated into English. The answer to the initial question required

⁸ "The subject is of great importance and interest, and I hope you will pursue it to the end," Walter Lippmann wrote to me, February 25, 1965. For continuity between Wilsonism and subsequent republican policies, See V. Gandhi, "I limiti dell' internationalismo Wilsoniano", in *Comunità*, xxxv, n-83, pp.96–152.

understanding events, interests, and culture on both sides of the Atlantic, even if the inquiry, in both its initial and subsequent forms, was conducted from the point of view of what I came to define as the hegemonic power. This was a definition that could not be taken for granted for that early phase of expansion of American financial interests in Europe (the subtitle of the Italian edition – *The Origins of American Hegemony in Europe* – has even recently been subject to criticism). Yet subsequent American leadership in Western Europe, the Marshall Plan, and indeed the vision of an integrated Europe in which Germany no longer was a potential threat to its neighbors, I perceived, was not only the outcome of a victorious war and a necessity dictated by the containment of the Soviet Union. It had deeper roots, mainly financial, in a previous period and was subsequently sanctioned by the Bretton Woods agreements. Nonetheless, the way Mussolini handled American views and interests, while reconciling them to the material as well as the rhetorical needs of his regime, could not be ignored. I have always found it ludicrous to claim, as some American diplomatic historians have, that U.S. foreign policy can be studied regardless of sources and comprehension of other countries concerned. Perhaps this is the historiographic reflection of a cultural unipolarism that explains some of the least successful American endeavors abroad.

But for that first question, concerning the swift and enduring approval of the Mussolini coup, with a *naïveté* at the time totally unencumbered by any Marxist culture, I had no simple reply. My initial preoccupation was to avoid the generic pitfall of so-called diplomatic history, still rampant in Italy and elsewhere: an exclusive focus on diplomatic documents, what A. J. P. Taylor would define as “what a clerk writes to another clerk.” I realized from the very beginning that American diplomats reporting from Rome, though consistently more than positive, indeed enthusiastic, about the budding Fascist regime, were only a part of the explanation. Focusing mainly on the press led me to the right path. The editorials of the *New York Times*, rather than the *Boston Evening Transcript* – of course to be compared to many other sources – gave me the temperature of those in command rather than the obvious silliness of an ambassador. His name was Richard Washburn Child, future editor of the *Saturday Evening Post*, biographer, and staunch propagandist of Mussolini, flattered out of his mind by a prescient visit, in itself significant, by the dictator and deeply affected by a high-flying Roman aristocracy most ambassadors liked to socialize with. After all, newspapers had editors and owners, not devoid of interests and relationships beyond journalism, who liked to travel, accustomed to formulating a point of view toward any international

development of a dimension that could not be ignored, in spite of the isolationist mood prevailing on the other side of the Atlantic. I gradually discovered that the American ambassador and his successors were not individual tenors but part of a chorus. And that chorus, with very few politically marginal discordant views – as proved by John Diggins’s accurate exploration of printed sources⁹ – only briefly ceased to sing after the murder of Giacomo Matteotti, a Social Democrat who turned out to be Mussolini’s bravest opponent in Parliament, which shook the regime in the mid-1920s. The music resumed until and beyond the invasion of Abyssinia in the mid-1930s.

This clearly required a set of explanations not immediately available to a curious graduate student. That liberal *naïveté* perhaps served me well. When I paid a visit to Raffaele Mattioli,¹⁰ his question was “Are you a Marxist?” My answer was clearly in the negative, but also that, by reading documents produced by central banks and investment bankers rather than Marx and Engels, maybe I was about to become one. This answer seemed to satisfy the old man, who then helped me gain further access to otherwise-sealed banking archives. As of today I would put it the way my senior pupil, Piero Bairati, did: “Marxism is like my old car. I use it whenever I need it.”

It was easy to find out that the key to American consensus regarding Fascism in Italy was the need for stability, stability at all costs, in Italy as well as in Europe as a whole, then and not only then. But what kind of stability? Confronted by a *coup d’état* of the extreme right, the first and only question asked by the papers and by the conventional wisdom they both reflected and guided was whether the March on Rome was a further chapter of the political instability, recurring violence, and, above all, social and industrial strife that had marked the Italian scene since the end of the war and that echoed in American minds as the Red Scare described by John Dos Passos. This was a natural preoccupation, also nourished by minor inconveniences that had been faced by even the well-endowed American tourist. The future slogan of Fascism making itself *salonfähig*, fit for good society from abroad, was already lurking around the corner: “Now the trains run on time!”

⁹ J.P. Diggins, *Mussolini and Fascism: The View from America*, Princeton: 1972; “Flirtation with Fascism: American Pragmatic Liberals and Mussolini’s Italy,” *American Historical Review* 71, no. 2 (1966), 487–506; “Mussolini and America: Hero-Worship, Charisma and the ‘Vulgar Talent,’” *Historian* 26, no. 4 (1967), 559–585.

¹⁰ A culturally influential banker with a close relationship to Piero Sraffa, the Cambridge University economist, and first editor of Antonio Gramsci’s writings.

All in all, the prevailing view of the American establishment (with the notable exception of Walter Lippmann and very few others) was similar to the one that brought their Italian counterparts to encourage the Fascist movement to take power. Preceding events in Italy, even if observed from a safe distance, had hardly been reassuring: endemic labor unrest, with the Bolshevik revolution in the background, and political instability caused by the introduction of a proportional electoral system dominated by the two structured parties. The Socialists and the Catholic Popolari, roughly representative of a social and democratic majority if allied, should not be allowed access to power. The only test to which Mussolini was submitted by the most influential opinion abroad (reactions of the conservative press in France and Britain were pretty similar), as well as at home, was the capacity to reestablish law and order, a reassuring context for sound business. A test he could pass with flying colors since, as a matter of fact, after the failure of the occupation of major factories in 1921, most of the violence and lawlessness had been produced by the movement of which he was the undisputed head. Also, according to prevailing opinion in the formerly allied countries, stability was worth the price of some bombastic but substantially innocuous nationalistic rhetoric for internal consumption.

A further question: why this double standard? Why was a government seized by a show of force, unopposed by those legally in power, with a prime minister who, under a parliamentary constitution, received the support from a parliament under threat acceptable in Rome but not, according to prevailing standards, in Washington, Paris, or London? For two simple reasons, I was gradually to understand. Forces that represented the continuity of power in Italian government and society, traditional interlocutors of any other government, whether democratic or authoritarian – king, armed forces and public administration, business, Church and Free Masonry, with the former *Liberali* as their representatives in Parliament – had after all permitted if not publicly supported the *coup d'état*.¹¹ Furthermore, all too often the assumption was that Italy could not be kept to the standards of more-advanced countries. Italians should be ruled with a firm hand. Or, as Winston Churchill politely put it, during a subsequent visit to Italy (January 1927):

Different nations have different ways of doing the same thing. Expressions and words sometimes lead to errors. Values and formulations attributed to words often

¹¹ Among others, see: G.G. Migone, “*Giolitti e l'avvento del fascismo*”, pp. 45–91, in E. Passerin d'Entrèves, *L'eta giolittiana e le origini del fascismo*, Torino: 1963.

have a different meaning from country to country. No political issue can be judged outside its atmosphere and context. Had I been Italian I am sure I would have been with you from beginning to end in your victorious struggle against the beastly appetites and passions of Leninism. But in Britain we have not yet had to face this danger in the same poisonous form. We have our peculiar way of doing things, but I do not have the least doubt that, in our struggle, we shall be able to strangle Communism.¹²

So much for the difference between democracy and dictatorship – a matter of words. According to the words of Churchill who, more and before anybody else, successfully inspired and led the war against the regime he had endorsed less than twenty years before. No wonder the British did not want his previous correspondence with Mussolini to fall into the wrong hands. For the same reasons, previously coddled dictators, once defeated, are better dead than defendants in a court of justice. Likewise, in 1945 Giuseppe Volpi di Misurata, after having been tortured by the Germans, was about to face a trial for his Fascist antecedents and personal gains. From a clinic, he wrote a letter to Thomas Lamont, the senior partner of J.P. Morgan, asking for testimony in his favor. Lamont who, in close association with Volpi – at the time minister of finance, had negotiated all the loans and coached Mussolini's Italy through the settlement of the war debt and the stabilization of the currency – conveniently wrote Volpi off with a note on his letter stating that he thought better than to answer it.¹³ I found it all the more paradoxical that Italian anti-Fascists who had faced exile or long prison terms, and in many cases led the resistance movement against German occupation, should find themselves in the position of representing a vanquished state – which was a fact – but be expected to take individual responsibility for all the misdemeanors they had fought, in the face of victors who, up to and beyond the Abyssinian War, had been friendly and even supportive of the regime in Italy. Juvenile moralism on my part? Probably so, with a bit of hurt national pride. What struck me, reading Churchill's words for the first time – so similar to statements of American office holders and opinion leaders – was the implicit condescension in the double standard, but also the transparent fear of any threat from the left, long before the Cold War, at the root of so many acts of appeasement toward authoritarian regimes at the other extreme of the political spectrum. Even on the part of Churchill to whom,

¹² "Corriere della Sera," January 21, 1927 (my translation, since the original text is in Italian as published by the Italian press).

¹³ HUGSBA-TWL, Giuseppe Volpi di Misurata to Thomas W. Lamont.

more than to any other single statesman, all Europeans owe so much, in terms of individual and collective freedom.

4. THE HEART OF THE MATTER

Even at that time I was able to understand that the leaders of any large country with an important economy could not ignore their peers, regardless of the nature of their governments. Yet it did take the Roosevelt administration, after seventeen years, to establish diplomatic relations with the Soviet Union, whereas in October 1922 the secretary of state, Charles Evans Hughes, wasted no time in sending the formal, traditional message of greetings to Mussolini as the politically self-appointed prime minister of Italy. Why this difference?

In going through reams of personal papers produced by diplomats during the Roosevelt administration, such as those of William Phillips and J. Pierrepont Moffat, I remember being struck by the isolation and ridicule suffered by William Dodd and George S. Messersmith. As documented by Robert Dallek, and more recently in literary form by Erik Larson,¹⁴ Dodd (ambassador to Germany, a historian by profession) and Messersmith (at first consul general in Berlin and subsequently minister in Vienna until the *Anschluss*) were ostracized for their lucid but “premature” analysis of the Nazi regime and where it would lead. These observations sat in stark contrast to the thinly veiled anti-Semitism of a privileged diplomatic and social ruling class, both in Europe and in the United States, and in politically diverse governments. Until Roosevelt’s Quarantine Speech (October 1937) any consistently critical attitude against the dictatorships the future allies would find themselves at war with was considered, to say the least, unprofessional and out of order by most career diplomats on both sides of the Atlantic. According to many of his colleagues, Dodd was a naive amateur, and even the secretary of state himself, Cordell Hull, was all too often written off as a doctrinaire and old-fashioned Southern Wilsonian. As Arnold Offner pointed out, the roots of appeasement were by no means confined to the European side of the Atlantic.¹⁵ David Schmitz, without taking the trouble to quote me or any other author or document in a language other than English, has

¹⁴ R. Dallek, *Democrat and Diplomat: The Life of William E. Dodd*, New York: 1968; E. Larson, *The Garden of Beasts: Love, Terror and an American Family in Hitler’s Berlin*, New York: 2011.

¹⁵ A. A. Offner, *American Appeasement: United States Foreign Policy and Germany, 1933–1938*, Cambridge, MA: 1969.

confirmed my analysis in this regard and rightly linked the American attitude toward the Fascist dictatorship to a subsequent trend in the history of U.S. foreign policy.¹⁶ Even FDR would call a convenient dictator “an s.o.b., but our s.o.b.” And on at least one occasion he called Mussolini “that admirable Italian gentleman” but was otherwise far more receptive to any critical analysis of European dictatorships than were the professional diplomats in the State Department, before and during his administration. Unfortunately, there were never any Dodds or Messersmiths posted in Rome!¹⁷

During the 1920s, congeniality toward the Fascist regime was stretched to the point of quickly awakening the hope of finding in the upcoming Italian leadership an important European partner as well as a financial client. If this potential was written between the lines of the editorials in the mainstream press, it was obvious to the researcher who would delve into the papers of the Morgan Bank, its senior partner Thomas Lamont, and, subsequently, the main central banks, beginning with the crucial Federal Bank of New York to which the system delegated its foreign policies (its chairman, Benjamin Strong, also happened to be linked to the House of Morgan). This is because, in spite of the era’s prevailing historiographical orthodoxy – the varied arguments of William Appleman Williams, Walter La Feber, Carl Parrini, Stephen Schuker and Melvyn Leffler, as well as Charles S. Maier, were important exceptions – there was an American foreign policy, even in the isolationist 1920s. It was not only executed and discreetly supported by the government and its official diplomacy, but it was in fact taken over by the bankers who were filling a vacuum of power as justified by the small government, *laissez faire* ideology dominating the “Republican Twenties.” Even at first glance these sources opened up new venues of interpretation of the quest for European stability, as pursued in New York and Washington, of which Mussolini’s new Italy paradoxically became, if not a protagonist, a highly relevant recipient.

All this amounted to a significant culture shock for me, a naive liberal, selectively pro-American Italian, fortunately also imbued with an antitotalitarian Hannah Arendt point of view. Yet I was reluctant to substitute

¹⁶ D. F. Schmitz, *The United States and Right-Wing Dictatorships*, New York: 2006. see p.48 of this book. Also see M. Martelli, *Mussolini e l’America. Le relazioni italoistatunitensi dal 1922 al 1941*, Milano: 2006. C. Damiani, *Mussolini e gli Stati Uniti (1922–1935)*, Bologna: 1980; R. Quartararo, *I rapporti italo-americani durante il fascismo*, Napoli: 1999.

¹⁷ D. F. Schmitz, *The United States and Fascist Italy, 1922–1940*, Chapel Hill and London: 1988, pp. 135–190.

my ideological glasses with another pair that seemed more suitable for my discoveries. There was another way out. The varied origins of the papers I was looking at led me to believe that it was necessary to bridge the gaps separating political, diplomatic, and cultural history from economic and even social sources. After all, reality past and present or, more specifically, power as it was structured, did not obey the laws of academic specialization. While diplomatic historians rarely bothered to look at documents and facts produced outside government, or consider statistical, political, and electoral constraints, even if relevant to the object of their investigations, economic historians mostly extracted from the past case studies to prove or disprove their economic theories, as I found out in a (to me) disappointing seminar on the monetary policies of the 1920s organized by Franco Modigliani at MIT. It was as if someone, in describing a baseball game, concentrated on the batting while ignoring the innings or vice versa.

What private and central bankers tried to do in the 1920s, before being put back in their places by the Wall Street crash and the New Deal, was highly political, in a sense an impoverished substitute for the foreign policy pursued by the Wilson administration in the previous decade, no longer palatable to an isolationist public. Since the Republican administrations could not and would not explicitly respond to the new challenges of an increasingly hegemonic U.S. economy emerging from First World War as a socially stabilized creditor nation with an expanding industry, the bankers could and would do so. Or, as I put it in 1971, a foreign policy was

. . . directly pursued by the bankers who had an interest in promoting loans and investments in Europe. In this framework the House of Morgan had an undisputed leadership role. Subsequently the Federal Reserve Bank of New York, at first in partnership, then substituting the Bank of England, promoted international monetary cooperation. The actors of these policies were all firmly convinced that European reconstruction was tightly linked to monetary stabilization. According to dogmatic thinking prevailing at the time, stabilization could only rest on a general return to gold.¹⁸

Russell Leffingwell – a former assistant secretary of the treasury in the Harding administration and the monetary expert among the Morgan partners – produced a plan that would see stabilization and the return to the gold exchange standard of the currencies of France, Belgium, and Italy. Though this did not happen, except in Italy, due to the opposition

¹⁸ G. G. Migone, “Aspetti internazionali della stabilizzazione della lira: il piano Leffingwell”, *Problemi di storia nei rapporti tra Italia e Stati Uniti*, Torino: 1971, p. 43.