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***Fascist Politics and Autarkic Economy in a
Compared Perspective:
the Istituto per la Ricostruzione Industriale
(I.R.I.) and the Instituto Nacional de Industria
(I.N.I.), 1933-1959***

***The Profitability of I.N.I.
and I.R.I. compared***

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During this paper I carry on the analysis of some aspects of the Balance Sheet of the State-owned company of Italy, *Istituto per la Ricostruzione Industriale* (I.R.I.), and the Spanish one *Instituto Nacional de Industria* (I.N.I.). I will start by presenting the introduction to the Research about the comparison of the 2 Institutions, then I will calculate the Roe Ratio of the Financial Statement of I.N.I. and I.R.I. The data I will use to calculate these ratios is collected from the I.N.I. Balance Sheets that, in some cases, I will integrate by the elaboration of the data present in *Apéndice Estadística of I.N.I.*, by Comín and Martín Aceña, and the data I collected in the I.R.I. Archive.

1. Introduction to the background

The most recent historiographical contributions have shown that the interventionist policy in the economy of Franco's regime had two roots: on one hand, the laws and ideas of Governments previous the Civil War, and on the other hand the policies of the Axis, and more concretely, those of Fascist Italy. Italy, in fact, seemed to have provided the model, not only for economic policies, but also to solve more concrete problems with which the new Government in Spain had to deal with.

The debate over the autarkic policy of Franco's Regime¹ is important in order to understand the economic policies of First Francoism, from 1939 to 1959. During this period, I.N.I., the State-owned company created to apply and carry on the aims of the Franco autarkic economic policies, played an important role for the fostering of the Spanish economy. For this special position and role that I.N.I. played, it is important to analyse the role and actions that it performed during this period through its mirror, the I.R.I. - the Italian State-owned company - undoubtedly the reference model for the Spanish Institution.

It is on the debate over the autarkic policies and the origins of these policies, that the Italian experience probably played an important role. The creation of the I.N.I., with the goal of the independence of the Spanish economy, and the debate about its performance, was of essential importance as much as the origins of the Spanish autarkic policies are concerned.

The I.N.I.'s long lasting² life under Franco's Regime (it survived the autarkic period and Francoism as a whole, to continue its life under the Democracy System), is the evidence of its ability

¹ For the debate about the autarkic policies, see BARCIELA, C., (ed.), *Autarquía y mercado negro*, Barcelona, Crítica, 2003, BARCIELA, C., LÓPEZ, M. I., MELGAREJO, J., MIRANDA, J.A., *La España de Franco (1939-1975). Economía*, Madrid, Síntesis, 2001, IRANZO, J.E., "El sector público como impulsor de la reconstrucción (1939-1959)", in VELARDE FUERTES, J., (coord.), *1900-2000. Historia de un esfuerzo colectivo*, Madrid, Fundación BSCH-Planeta, 2000, vol. 1, GÓMEZ MENDOZA, A., (ed.), *De mitos y milagros. El Instituto Nacional de Autarquía (1941-1963)*, Barcelona, Edicions Universitat de Barcelona, 2000, SAN ROMÁN, E., *Ejército e industria: el nacimiento del INI*, Barcelona, Editorial Crítica, 1999, CATALÁN, J., *La economía española y la segunda guerra mundial*, Barcelona, Ariel, 1995, BIESCAS, J.A., TUÑÓN DE LARA, M., "España bajo la dictadura franquista (1939-1975)" in TUÑÓN DE LARA, M., (dir.), *Historia de España*, Barcelona, 1994, vol. X, BALLESTERO, A., *Juan Antonio Suanzes 1891-1977. La política industrial de la posguerra*, León, LID, 1993, CARRERAS, A., *Industrialización española: estudios de historia cuantitativa*, Madrid, Espasa Calpe, 1990, NADAL J., CARRERAS, A., SUDRIA' C., *La economía española en el siglo XX. Una perspectiva histórica*, Madrid, Ariel Editorial, 1987, GARCÍA DELGADO, J.L., "Estancamiento industrial e intervencionismo", in FONTANA, J. (ed.), *España bajo el franquismo*, Barcelona, Editorial Crítica, 1986, VIÑAS, A., *Guerra, Dinero, Dictadura. Ayuda fascista y autarquía en la España de Franco*, Barcelona, Editorial Crítica, 1984, PRADOS DE LA ESCOSURA, "El crecimiento económico moderno en España", in *Papeles de economía española*, n. 20, 1984, ROS HOMBRAVELLA, J., CLAVERA, J., *Capitalismo español: De la autarquía a la estabilización. 1939-1959*, Madrid, Cuadernos para el Diálogo, 1978, DONGES, J.B., *La industrialización en España. Políticas, logros y perspectivas*, Barcelona, Oikos-Tau, 1976, BOYER, M., "La empresa pública en la estrategia industrial española: el INI", in, *Información Comercial Española*, n. 500, 1975, VELARDE FUERTES, J., *Política económica de la Dictadura*, Madrid, Guadiana de Publicaciones, 1968

² The I.N.I. was created in 1941

to adapt and to respond to any kind of political and economic situation. This adaptability of its economic role within society and the reformulation of its goals bring to mind the different roles undertaken within the national system by the I.R.I., between 1937 and the end of WWII and during the post-war period, despite a gap of many years between the events.

I.N.I. and I.R.I. had particular features that enabled them to adapt to the social and economic changes of their respective environments. Both were born under authoritarian regimes and survived the collapse of those. As a matter of fact, both institutions continued their activities under completely different political and economic systems. Indeed, both institutions transformed themselves into an instrument of fundamental importance to the industrial policy of democracy and succeeded in adapting to the various political, social and economic situations, which were completely different and even incompatible to the ones of the previous systems. They were freed from the 'sin' of being a Fascist/Francoist creation, and became an expression of the policies of reconstruction and economic development for the democratic system: from 1948, in the case of Italy, and from 1975 onwards, in the case of Spain.

During the pre war and war period, I.R.I. developed different roles. From the year of its creation, in 1933, to 1936, the I.R.I. was a temporary institution created in response to the bank crises and the difficulties that Italian capitalism was facing, buying by the banks the shares of the companies they owned and sell them to the private market, and it was transformed in 1937, into a permanent Institution in order to manage the still owned shares and companies. The transformation is important because it changed the aim of the I.R.I. and the Statute Act of the I.R.I.. This latter Act had been the reference model for the Spanish Institution.

From 1937 to 1939, the I.R.I. had only been called to apply the partial autarky policy in the sectors in which I.R.I. owned the shares and companies, accordingly to general directives of the Fascist Government economic programs, and since 1939, the Institution acted according to the wishes of the Italian Government, and got involved in the autarkic policy of Italy until reaching the point of being the major actor for the war autarkic policy, that started to be performed from the 1939.

The scholars³ that have studied the origins and the policies of I.N.I. share the opinion that the I.R.I. was the reference model for the Spanish Institution, although each one of them uses a different sort of evidence to support his opinion. To reach this conclusion they have carried out partial

³ GÓMEZ MENDOZA, A., (ed.), *op. cit.*, 2000, SAN ROMÁN, E., *op. cit.*, 1999, COMÍN COMÍN, F., MARTÍN ACEÑA, P., *El INI: 50 años de industrialización en España*, Madrid, Espasa Calpe, 1991, SCHWARTZ, P., GONZALEZ, M. J., *Una historia del Instituto Nacional de Industria (1941 - 1976)*, Madrid, Editorial Tecnos, 1978

comparative investigations considering the Institutions as part and expression of ideologies, or they have gone through comparison of the Statutes. These results are shared by all the authors.

Those scholars have also referred to the differences or similarities between the Performance and the policies of both Institutions. The results of this kind of work, have opposed two groups of scholars: Francisco Comín⁴ and Pablo Martín Aceña⁵ on the one hand, and Elena San Román⁶ and Antonio Gómez Mendoza⁷ on the other. While the formers put forward the idea that I.N.I. took inspiration for its policies and actions alike from the Italian model, the latter consider that only the Statute Act was copied, but that the I.N.I. acted responding to environmental inputs that differed from the I.R.I. ones.

In my opinion, in the debate on the origins and the policies of I.N.I., the scholars have stressed different points of view, but none of them has supported its opinion with irrefutable evidence. In fact they refer only in general terms to the Statute Act and to the Institution's policies, and they have not analysed thoroughly the performance of these institutions or the activities undertaken by them. For this reason, references to the generic similarities and differences between the two institutes are logical deductions - although possibly correct - rather than views supported by incontrovertible data.

The aim of my research is to show that I.R.I. was crucial for the creation of the Spanish Institution, but also that the activities of the I.N.I. were quite similar to those of I.R.I., when the latter concentrated on the war production, during the period from 1940 to 1945.

2. The First Francoism and the autarkic policies of Fascist Italy

As seen above, all the above-mentioned scholars⁸ use terms of comparison based on general observations, but none of them demonstrate through incontrovertible data whether or not the actions of the Spanish institution were inspired by the model of I.R.I.. Furthermore, what is amiss in this specific debate is not only the incontestable data, but also a definition of which of the actions of I.R.I. are taken as the reference model. Neither one side, nor the other, have made any reference to the different roles that I.R.I. developed from 1933 to 1945, or during the post-war period.

⁴ COMÍN COMÍN, F., MARTÍN ACEÑA, P., *op. cit.*, 1991

⁵ *Ibidem*

⁶ SAN ROMÁN, E., *op. cit.*, 1999

⁷ GÓMEZ MENDOZA, A., (ed.), 2000

⁸ GÓMEZ MENDOZA, A., *op. cit.*, 2000, SAN ROMÁN, E., *op. cit.*, 1999., COMÍN COMÍN, F., MARTÍN ACEÑA, P., *op. cit.*, 1991, SCHWARTZ, P., GONZALEZ, M. J., *op. cit.*, 1978

For these reasons, it is relevant to compare the two Institutions, considering the different roles that I.R.I. accomplished for the Italian Economy from 1933 to 1954. These roles differed depending on the involvement of I.R.I. into the economic policies of the Fascist Regime: 1. from 1937 it was called to apply the partial autarkic policies for the sectors in which it owned company shares; 2. from 1939 on, the total autarkic policies, as the State hand in the economy and from 1945 it worked for the reconstruction policies and fostering the national economy.

Two of the I.R.I. periods are characterized by the different degrees of autarkic policies, and the measure of the intensity of the autarkic policy applied is useful to understand which type of autarky had been achieved. To define the characteristics of each autarkic period we can use the classification that San Román uses in its work⁹, and that it is the same of the one described in the Italian documents of the I.R.I. archive, although in the latter the name are slightly different.

We can differentiate between the partial¹⁰ autarky, also called relative¹¹, and *valutaria*¹² or total, and between the normal¹³ autarky and the emergency¹⁴ one, that it is called temporary¹⁵ by San Román.

The partial autarky is defined as “the economic autarky to which aim depending on the availability and reducing it to partial goals for the production of raw material for which the total needs cannot be covered by national resources.”¹⁶

For the partial autarky, the main goal is not the total independence of the economy¹⁷, that on the contrary was pursued by the *valutaria*¹⁸. The latter pursued the aim of the total reduction of the dependence of the national economy and promote the self-sufficiency of it.¹⁹

⁹ BARRERA, E., SÁN ROMÁN, E., *Juan Antonio Suanzes, adalid de la industrialización*, in GÓMEZ MENDOZA, A., (ed.), *op. cit.*, 2000, page 36

¹⁰ Archivio I.R.I., Numerazione Nera, Documento 4130, *Relazione riassuntiva dei piani autarchici al Comitato Corporativo Centrale*, novembre 1937

¹¹ BARRERA, E., SÁN ROMÁN, E., *Juan Antonio Suanzes, adalid de la industrialización*, in GÓMEZ MENDOZA, A., (ed.), *op. cit.*, 2000, page 36

¹² Archivio I.R.I., Numerazione Nera, Documento 4130, *Relazione riassuntiva dei piani autarchici al Comitato Corporativo Centrale*, novembre 1937, and BARRERA, E., SÁN ROMÁN, E., *Juan Antonio Suanzes, adalid de la industrialización*, in GÓMEZ MENDOZA, A., (ed.), *op. cit.*, 2000, page 36

¹³ Archivio I.R.I., Numerazione Nera, Documento 4130, *Relazione riassuntiva dei piani autarchici al Comitato Corporativo Centrale*, novembre 1937, page 2, and BARRERA, E., SÁN ROMÁN, E., *Juan Antonio Suanzes, adalid de la industrialización*, in GÓMEZ MENDOZA, A., (ed.), *op. cit.*, 2000, page 36

¹⁴ Archivio I.R.I., Numerazione Nera, Documento 4130, *Relazione riassuntiva dei piani autarchici al Comitato Corporativo Centrale*, novembre 1937

¹⁵ BARRERA, E., SÁN ROMÁN, E., *Juan Antonio Suanzes, adalid de la industrialización*, in GÓMEZ MENDOZA, A., (ed.), *op. cit.*, 2000, page 36

¹⁶ “*l'autarchia economica cui tendere secondo possibilità riducendone la realizzazione a obiettivi parziali per quelle materie prime per le quali il fabbisogno totale non può assolutamente essere coperto con risorse nazionali*”, Archivio I.R.I., Numerazione Nera, Documento 4130, *Relazione riassuntiva dei piani autarchici al Comitato Corporativo Centrale*, novembre 1937.

¹⁷ Archivio I.R.I., Numerazione Nera, Documento 4130, *Relazione riassuntiva dei piani autarchici al Comitato Corporativo Centrale*, novembre 1937. See also BALLESTERO, A., *op. cit.*, 1993, page 99

The normal autarky is conceived for “[...] a normal political and economic situation [...]”²⁰, and on the contrary, the emergency one is applied in a special situation, in response of a specific need. The latter is the type of autarky that should be carried on during the war periods or special moments in which “[...] the absolute necessity that all the energies of the Nation, all the production abilities of the Nation must be dedicated to the necessity of war”²¹.

In the same document we can read that “[...] This event should allow not only an effort in the production of goods above the national needs, but it changes the importance of the cost element that, in a normal autarky, should be evaluated carefully, while in the autarky for war there are no other limits than the ones determined by the quantity of raw material at disposal and the ones of the national finances [...]”²².

There are no doubts that the type of autarky *valutaria* is the one that had been applied during the second half of the Thirties, beginning with the sanctions of the League of Nations emitted after the Second Italo–Abyssinian War. This autarky was a response to the problems created by the international isolation in contemporary with the internal economic planning to pursue the national independence.

Regarding Spain and the debate about the autarkic policy of the First Francoism period, it is strictly connected to the definition of the degree of autarky achieved. To verify which of the type of autarky had been selected to carry on during the First Francoism is important because it adds more details to answer the question about the type of autarky had been carried on from 1936 to 1959, and if it was the same autarky applied during this period or if it changed.

The above mentioned different types of autarky, and its degree, have never been mentioned by the scholars, if not for San Román. But on the other hand, the opinion of the scholars²³ that wrote

¹⁸ Archivio I.R.I., Numerazione Nera, Documento 4130, *Relazione riassuntiva dei piani autarchici al Comitato Corporativo Centrale*, novembre 1937, page 1.

¹⁹ See BALLESTERO, A., *op. cit.*, 1993, page 99.

²⁰ “[...] prevista per una situazione politica ed economica normale”, Archivio I.R.I., Numerazione Nera, Documento 4130, *Relazione riassuntiva dei piani autarchici al Comitato Corporativo Centrale*, novembre 1937, page 2.

²¹ “[...] la necessità assoluta che, in tale ipotesi, tutte le energie della Nazione, tutte le forze della produzione siano dedicate alla necessità della guerra”, Archivio I.R.I., Numerazione Nera, Documento 4130, *Relazione riassuntiva dei piani autarchici al Comitato Corporativo Centrale*, novembre 1937, page 2.

²² “[...] Tale evenienza, non soltanto deve consentire uno sforzo produttivo oltrepassante i bisogni nazionali, ma fa variare notevolmente l'importanza dell'elemento costo che, in una autarchia normale, deve essere adeguatamente valutato, mentre in una autarchia di guerra non ha altri limiti che quelli della quantità di materia prima disponibile e delle possibilità finanziarie nazionali [...]”, Archivio I.R.I., Numerazione Nera, Documento 4130, *Relazione riassuntiva dei piani autarchici al Comitato Corporativo Centrale*, novembre 1937, page 2.

²³ See ROS HOMBRAVELLA, J., CLAVERA, J., *op. cit.*, 1978, VIÑAS, A., *op. cit.*, 1984, COMÍN COMÍN, F. Y MARTÍN ACEÑA, P., *Historia de la empresa pública en España*, Madrid, Espasa Calpe, 1991, COMÍN COMÍN, F., MARTÍN ACEÑA, P., *op. cit.*, 1991, CATALÁN, J., *op. cit.*, 1995.

about the autarkic policy of First Francoism before her, as the one after²⁴, agreed that the Spanish government decided for the total (or *valutaria*) autarky, at least during the First Francoism period, and that this idea was copied by the Italian policies of the Fascism.

Ballesterero agrees with these opinions and says that for Suanzes the total control of the economy was always necessary: during war periods to warranty the national independence, in peace time to control the trade balance²⁵.

For San Román, the autarky pursued by Spain during the Francoist period was of partial type, whose aim was the “selective control of the import to buy technical goods important for the creation of the national industry and in this way to warranty the economic independence”²⁶, combined with a total autarky period at the beginning of the First Francoism.

On general terms, the hypothesis of the existence of the total autarky is completely accepted by the scholars, that argue only about the length of the period in which it had been carried on, if at the beginning of the First Francoism until the end of the Spanish Civil War, or of the World War II, of it was carried until the Fifties.

In fact, also for Spain we can identify sub periods that, even if not chronologically contemporaneous to the Italian ones, presented similarities that have to be considered when pursuing the comparative approach. For Spain the sub periods are 1. the Civil War, from 1936 to 1939, and 2. the isolation of the First Francoism period, until about 1952, that meant the exclusion from the Marshall Plan.

Although these timelines may seem difficult to compare due to the chronological gap, they present similarities; indeed, the debate on the features of the First Francoism may benefit from a new approach if we consider the importance of I.N.I. for the Spanish Economy, as it has been put forward by the Spanish Scholars. In fact, Spain’s isolation during the First Francoism is similar to the one suffered by Italy after 1934; the same happens for the period from 1939 in Spain, when the economy had to recover from the destruction caused by a Civil War, and the period from 1945 for Italy that also had to recover after the destruction of the WWII.

²⁴ BARCIELA, C., LÓPEZ, M. I., MELGAREJO, J., MIRANDA, J.A., *op. cit.*, 2001, BARCIELA, C. (ed.), *op. cit.*, 2003, COMÍN COMÍN, F. Y MARTÍN ACEÑA, P., *La política autárquica y el I.N.I.*, in SÁNCHEZ RECIO, G., TASCÓN FERNÁNDEZ, J., (Eds.), *Los empresarios de Franco. Política y economía en España, 1936-1957*, Barcelona, Editoria Crítica, 2003, page 23, MOLINERO, C., YSÀS, P., *El règim franquista. Feixisme, modernització i consens*, 2^a edició, Vic, Eumo Editorial, 2003, CARRERAS, A., TAFUNELL, X., *Historia económica de la España contemporánea*, Barcelona, Editorial Crítica, 2003.

²⁵ BALLESTERO, A., *op. cit.*, 1993, page 99

²⁶ “[...] *en un control selectivo de las importaciones para adquirir los bienes de equipo imprescindibles a la creación de una industria poderosa y garantizar así la independencia económica*”, BARRERA, E., SÁN ROMÁN, E., *Juan Antonio Suanzes, adalid de la industrialización*, in GÓMEZ MENDOZA, A. (ed.), *op. cit.*, 2000, page 36-37

Furthermore, looking at the Italian sub periods it is clear that three over four were of peaceful type while just one was of war type - the one of total autarkic policies from 1939 to 1945. The comparison will be carried out by taking the Spanish experience into account and comparing it with these sub periods, including the one that starts in 1945, i.e. the reconstruction period. This period is the most similar for the aims that both State and Institutions should accomplish, but it seems the least similar one if we consider the actions of both agents in their States.

For the above-mentioned reasons I consider that it is important to verify if similarities between the I.R.I. and I.N.I. occurred, not only concerning the articles of Statutes Acts, but also for the financial data using the methodology of the Financial Statements Analysis.

Although the comparison of policies and activities of two chronologically different periods may present a problem of distortion in the evaluation of the influence of external factors in the choices of the States and Institutions, this can be solved - or limited - by the use of the Ratios, because they are the final expression of all the internal and external factors that influenced the policies of both institutions. The results of the calculations reveal the outcomes of the policies and the influences in their activities by other factors, but also allow determining which were these influences and identifying the effects of internal and external factors over the activities of the Institutions.

So the correspondence of the I.R.I. Ratios of one period to the ones of I.N.I., determine that I.N.I. was realizing a type of activity similar to the I.R.I. one, and for which one of the goals the Institution was planning to realize.

As the I.R.I. carried out a wide range of roles and applied economic and industrial policies depending on the aims of the State, the comparison of I.R.I. with the I.N.I. will give an answer to the aspects of I.R.I. that had been copied and applied in Spain during the First Francoist period (1939 – 1952). The goal of the comparison will be to determine which of these roles of I.R.I. is the most similar to the one accomplished by I.N.I. during this period.

3. I.N.I. and I.R.I. compared using the Financial Statement Analysis

The Ratios are relating the values of the Financial Statement in order to analyze the company performances. The comparative approach using the Ratios calculated for I.N.I. and I.R.I. is the way through which is possible to determine the similarities and differences in activities and performance of both institutions. As said before, determine the similarities of the I.N.I. Ratios to the ones of the

sub periods of I.R.I., more exactly to which one of them, will help to understand which type of policies I.N.I. was applying.

In this paper I will concentrate on the ratio Return On Equity (R.O.E.) that is expression of the observations that has been mentioned as general characteristics of the types of autarky defined above.

In fact, the R.O.E. is expression of the importance of the profitability for the Company; the goal is the maximization of the profitability or, on the contrary, it is totally neglected as goal, as it is for the Company that tends to produce at any cost - as occurs in total Autarky.

In fact, the R.O.E. measures the Profitability and it is useful since, as seen above, the differences between the partial or total autarkic policies is to be found in the costs²⁷ of the investments and productions: if they are considered, as it is in the partial autarky, or not, as it is in the total one. In this last case the Profitability should be very low.

3.1 Return on Equity (R.O.E.)

The Return on Equity (R.O.E.) ratio expresses the ability of the Company to generate profits with the money invested by shareholders. The ratio can be calculated as the profits earned by a company with respect to the Equity, and also as the profit related to the Shareholders' Equity²⁸. The latter is the definition I will use.

Profitability is the most important goal of private corporations, as the I.N.I. and the I.R.I. were defined by their Statutes. In the case of these 2 Institutions the aim was considered differently: for the I.N.I., profitability was formally included among its goals only from 1985²⁹, whilst for the I.R.I., it had always been considered as one of its aims, although, in practice, with different degrees depending of the periods. This is also true for the sub period between 1933 and 1954.

The profitability appears also in the definition of the autarkic features, as seen above: in fact, it is by definition that during the autarkic periods the profitability of the Company decreases its importance, or disappears completely. Besides, the degree of importance of profitability is the element that differentiates the total autarkic policy to the partial one, an aspect that is important for this comparison, because two to the sub periods of I.R.I – from 1937 to 1939 and from 1940 to 1945 -

²⁷ Archivio I.R.I., Numerazione Nera, Documento 4130, *Relazione riassuntiva dei piani autarchici al Comitato Corporativo Centrale*, novembre 1937, page 2

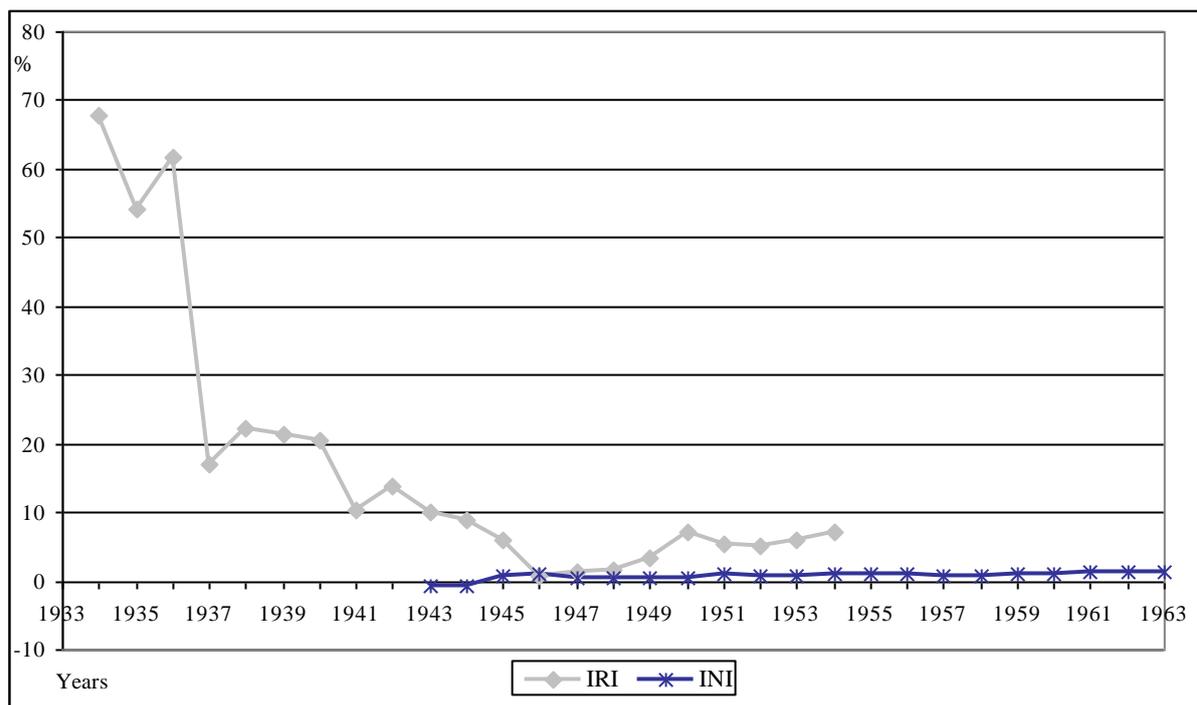
²⁸ See ROBINSON, T. R., VAN GREUNING, H., HENRY, H., BROHIHAN, M. A., *International Financial Statement Analysis*, New Jersey, John Wiley & Sons, 2009, FRIDSON, M., ALVAREZ, F., *Financial Statement Analysis*, 3rd Edition, New York, Wiley & Sons, 2002

²⁹ COMÍN, COMÍN, F., MARTÍN ACEÑA, P., *op. cit.*, 1991

were of autarkic type. For these reasons, the comparison of the I.N.I. ratio to the I.R.I. one is important to determine if the I.N.I. percentages were similar to ones of the autarkic periods of I.R.I.

In Graph 1 the Profitability of I.R.I. and I.N.I. is compared. We can see that for I.N.I., the ratio percentage had always been around 0,5% in the period from 1947 to 1950, and around 0,9% in the years 1951 to 1958. Then from 1959 to 1963, it started a positive trend and increased from 1% to 1,8% in less than 4 years.

Graph 1 - R.O.E. of I.R.I. and I.N.I.



(Sources: Archivo I.R.I., *I.R.I. Balance Sheet Volumes*, Archivo I.N.I., *I.N.I. Balance Sheets*)

Instead, for the I.R.I., the percentage experienced important changes during the period under consideration. In Graph 1, we can observe that the I.R.I. presents sub periods in the evolution of the percentages: while in 1933 the percentage is zero, from 1934 to 1936 the trend had an instable evolution, different from any other. A second sub period is the one that started from 1938, with a negative trend, and finished in 1946. After that year, a third sub period begins, with a positive trend that continued until 1954.

The years of temporariness for the I.R.I., from 1934 to 1936, present higher percentages of profits. On the other hand, the percentage of R.O.E. dropped drastically in 1937. This change was related to the change of the goals of I.R.I. due to the process of transformation into a permanent

Institution. From the goal of selling the Shares or Companies he passed to carry out the one of managing the Third Owned Companies' Shares in portfolio in the year of 1937, with the new aim of organizing them as an instrument of the partial autarkic policies that Fascist Government planned to carry out for Italy. This new aim required a reconsideration of the values of the Shares, that were revaluated, and also an increase in the State Funds to help I.R.I. to develop its activities. Then, from 1938, the trend of the R.O.E. presented a negative result, until 1946; during this period the year 1941 presented an important drop in the percentage, as it was for 1937.

The I.R.I.'s downward trend in the percentage of the Roe, reached its lowest point in 1946, around 1%, and from 1946 to 1948 the percentages were stable around the 2%. These are the first three years of post war period, when I.R.I. activities were limited to the maintaining ones, awaiting the final decision of the State about its future. For this reason, one may understand why the R.O.E did not present any variation. From 1948, Graph 1, the R.O.E started a positive trend that did not stop until 1954, stabilizing around 8%.

However, there is another feature of the trend that it is important for the analysis of the degree of importance of the profitability: the autarkic period, both total and partial, from 1937 to 1945, presented an important decrease in the R.O.E percentages when they passed from being around 20% to 10%, at the beginning of the war in 1941, to 5% in 1945, and to almost 1% in 1946. Thus this negative trend may be the result of a diminished importance of profitability as an aim for the I.R.I. during the autarkic period and a contemporary increasing in the costs of production due to the policy of production at any cost.

Comparing now the trend of I.R.I. and I.N.I. under the aspect of the importance given to the profitability as an aim, we can observe in Graph 1, that differently to the I.R.I.'s R.O.E, the I.N.I.'s one had always been very low, it never went higher than 2%, and it had always been stable in its trend, but clearly it was not an important aim for the Institution. The years of I.N.I. that coincide with the I.R.I. ones are from 1946 up to 1948, if we look at the percentages –from 0,85% to 1,5% for I.R.I. and from 0,92% to 0,5% for I.N.I.. But, as for I.N.I. all the period considered, from 1942 to 1963, showed the same percentages and a complete disinterest about the Profitability as an aim, I think that the period of I.R.I. that is more similar is the one of the autarkic period, when the percentages dropped every year, continuously because of the lack of concern of the I.R.I. to maintaining or increasing it, as it was from 1933 to 1936.

4. Conclusions

The similarities between I.R.I. and I.N.I. had been analyzed by some scholars and they agreed on the fact that I.N.I. copied its Statute Act from the one of I.R.I. of 1937, sharing the more important legal features of I.R.I., but with some differences between the two Acts. Nevertheless the debate about the policies applied by the two Institutions is still open, as we have seen above.

I have introduced a new aspect to the debate using the results of the Financial Statement Analysis, in this specific case calculating the Profitability using the R.O.E. Ratio for I.N.I. and I.R.I. The R.O.E. is expression of the Profitability of the companies and it is important to compare it because it is one of the most important goals for every company, although is understood that for the State-Owned Companies it may be of lesser important and present a worse result respect to the Private Corporations, but never neglected³⁰. This last point supports the importance of the R.O.E. as a measure applicable to the State-Owned Companies. Furthermore, the Profitability is the characteristic that differentiate the autarkic periods from other periods and between the total and partial autarky. For this reason the comparison will help to understand which policy had been applied by I.N.I.

In the case of the comparison of I.R.I. and I.N.I. is not important the value of the result in itself, but as the way to understand how importance it was and if it was pursued or not. In fact the reference of the comparison is the trend that the I.R.I.'s R.O.E. presented during the sub-periods and most important during the total autarky period from 1940 to 1945, and how similar was the I.N.I.'s one to it.

Looking at the results of the comparison of the ratio, it confirms that there are similarities between the two Institutions, and, especially, there are two similarities between I.R.I. and I.N.I. that the R.O.E. ratio helps to highlight: the first of them is related to the years of correspondence between I.R.I. and I.N.I. in the values of percentage of the R.O.E from 1946 to 1948, when the values were very low also for I.R.I. These are the years in which I.R.I. was acting only to conserve the existent situation, awaiting for the final decision about its future. So, during this period, the Profitability was not a goal and, in fact, the percentage until 1949 was as low as it was in 1946.

In this case the year 1946 is an important date, as it is the year where it ended the negative trend of the Profitability that started in 1938, and where the second similarity between I.R.I. and I.N.I. settles. Yet, it is from 1940 when it appeared an important change in the trend, whose values passed

³⁰ See OECD, *Corporate governance of state-owned enterprises: a survey of OECD countries*, 2010

from 20% to 10%, and in 1941 around 1% in 1946. The decrease in the values is an evidence of the correspondent decrease in the importance of the Profitability as goal of the company, as on the contrary it had been considered in the temporary period of I.R.I. from 1933 to 1936, and the Profitability was not an aim, in total agreement with the definition of the total autarkic policy.

Under these points of view the decreasing trend of the autarkic periods is central because highlight that during these periods I.R.I. was not performing its normal activities, that changed because of the special situation. As seen before, the I.N.I. never gave importance to Profitability and for this reason the decreasing trend the pre war and war period of I.R.I. can be declared as similar as the one of I.N.I.'s percentages of any period, as they were always very low or present a trend with a strong tendency to reduction or to low values. For this reason, the low percentages of the Profitability seem to be caused by the fact that it was not included in the aims, not formally nor practically, during the period considered.

In conclusion, during the autarky the aim of profitability was a very low priority, if not inexistent. In fact, the I.N.I. never considered the option to significantly increase the percentages of R.O.E, not even after the year 1952, while I.R.I. shared the same aim during the autarkic periods. This constitutes an evidence of the coincidence of the industrial and economic policies of I.N.I. and I.R.I. and that I.N.I. policies were similar to the autarkic ones of I.R.I.

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