

**FACULTY OF ECONOMICS**

**PH.D THESIS IN THE HISTORY AND THEORY OF ECONOMIC  
DEVELOPMENT**

**“THE WORLD BANK BETWEEN RECONSTRUCTION AND  
DEVELOPMENT: THE CASE OF THE FIRST ITALIAN LOAN, 1947-1951”**

*(ABSTRACT)*

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## ABSTRACT

This paper aims at analysing the evolution and main implications of the first loan Italy received from the International Bank for Reconstruction and Development (IBRD) in 1951. This is a rather interesting and intriguing story stretching from as early as August 1947 – when Italy sent its first loan request - to October 1951, when the loan agreement was finally signed. It began as a “standard” reconstruction loan for the rehabilitation and recovery of the war-torn Italian economy – following the previous recent examples of France, Luxembourg, the Netherlands and Denmark – but then turned to one of the first IBRD development loans for the economic progress of the Italian “Mezzogiorno”.

Most of the “movie plot” is now known – after many years of scarce attention to this chapter of Italian and international history - thanks to the work carried out in the second half of the 1990s by Italian researchers like Leandra D’Antone and Barbara Curli<sup>1</sup> who, thanks to the possibility of accessing a portion of the documents belonging to the World Bank Archives, were able to recollect the basic features of the negotiations. The present paper builds on this previous work benefiting from a radical change occurred since the early 2000’s in the access policy of the World Bank’s Archives, which are now open to the general public.

In this respect, the analysis of the four-year negotiations between Italy and the International Bank proves to be relevant for both the Italian and IBRD history. As far as Italy is concerned, the first IBRD loan was crucial especially in that it represented an indirect recognition from an international institution of both its economic policies and its renewed role in the international community. As for the International Bank, the Italian request arrived in a very delicate period for the newborn international institution. Marshall had just held its Harvard speech at the beginning of June, and discussions had just begun about the forthcoming European Recovery Program (ERP). In this new context, the Italian request involuntarily played the role of a “*guinea pig*”. Italy indeed represented for the IBRD the first European country potentially benefiting of both IBRD and ERP help, thus raising relevant *policy* questions about the best coordinating strategies. At the same time, the thorough analysis of the negotiations in this first phase, ranging from August

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<sup>1</sup> Curli B. (1997), “Ricostruzione e sviluppo. La Banca Mondiale e l’economia italiana”, 1947-51, *Archivi e imprese*, Vol. 8, n. 15, gen.-giu., pp. 33-71. D’Antone L. (1996), «L’interesse straordinario per il Mezzogiorno (1943-1960)», in: D’Antone L. (1996), D’Antone L. (1996), *Radici storiche ed esperienza dell’intervento straordinario nel Mezzogiorno*, Taormina, 18-19 novembre 1994, Bibliopolis

1947 to the early months of 1949, allows to have a comprehensive idea of the method adopted by the IBRD experts when dealing with a loan request in that period.

Also thanks to the Italian experience, the IBRD soon realized that, earlier as foreseen by its founders, the reconstruction era was about to end and time had come to shift to development. In this respect, the Italian loan request again played an experimental role for the IBRD experts. Though Italy was not the first country receiving a loan for development purposes (the first one was Chile in 1948), it constituted an ideal laboratory for the experimentation of a new type of loan – called “indirect impact loan” – created *ad hoc* by Paul Rosenstein-Rodan, the well-known polish economist who was in this period assistant director of the IBRD Economics department. As Rosenstein-Rodan himself claimed later on, in 1961, the first Italian loan represented “*an important prototype of a type of lending policy much broader, which I hoped would be not only for Italy, but that Italy would pave the way in point of fact*”<sup>2</sup>. But the IBRD management had a different opinion: after the Italian agreement of 1951, this type of loan was adopted only two more times ““*because the innate resistance against this type of loan was too strong*”<sup>3</sup>”.

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<sup>2</sup> The World Bank/IFC Archives, Oral History Program, *Transcript of interview with Paul Rosenstein-Rodan*, pag.16.

<sup>3</sup> Ibid.