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When We Loved Mussolini

by [Adam Tooze](#)

[The United States and Fascist Italy: The Rise of American Finance in Europe](#)

by Gian Giacomo Migone, translated from the Italian and with a preface by Molly Tambor
Cambridge University Press, 405 pp., \$110.00



New York Times Co./Getty Images
Benito Mussolini and US Secretary of State Henry Stimson, Rome, July 1931

In the early 1960s, in the full flush of postwar Atlanticism, Gian Giacomo Migone, the scion of a cosmopolitan family of Italian diplomats, arrived at Harvard to study history. As a liberal Catholic, a follower of John F. Kennedy, and a fan of Pope John XXIII, Migone was escaping the conservatism and neofascism of the postwar Italian universities. He came to the United States in search of the promise of democracy and new developments in scholarship. What he found was something more complicated. It was the heyday of the civil rights struggle and he and other foreign students ventured South to witness the dying days of Jim Crow. Yet it was not America's present that would unsettle him but its past and, in particular, America's recent history in relation to his own country.

In 1965, the theme of Ernest May's legendary seminar at Harvard on American foreign relations was the 1920s, and Migone was given the task of exploring US policy toward Italy. This was a ticklish assignment in a double sense. The 1920s were a decade commonly identified with American isolationism, a period in which the US was not credited with actually having had a foreign policy. And Italy in the 1920s meant Mussolini's regime. The question was how the Republican administrations of Harding, Coolidge, and Hoover, committed to their nationalist program of "normalcy" and modernization, had engaged with the first effort to build a fascist dictatorship in Europe. As the Vietnam War escalated in the background, it was an assignment that would shake the young Migone's naive assumptions about the alignment of Western power with democracy.

Published in Italian in 1980, after many years of pioneering research in American and Italian archives, Migone's book established him in Italy as an authority among left-liberal scholars of the fascist era and launched a career that would lead by way of the University of Torino to a seat in the Italian Senate. Still, in an age before the Internet and Google Translate, Migone's scholarship remained largely unknown to an Anglophone readership. Like other classic works of European international history of the 1960s and 1970s, many of which were centered on the United States—in German one thinks of Andreas Hillgruber's *Hitlers Strategie*, Michael Geyer's *Aufrüstung oder Sicherheit*, and Werner Link's *Die amerikanische Stabilisierungspolitik in Deutschland*—this European interpretation of American power was mostly ignored in America's own historiography. We owe thanks to Cambridge University Press and Molly Tambor, herself a historian of postwar Italy, for finally bringing us this highly readable translation.

Antifascism was the founding myth of the Italian republic after 1945. But not only did a resentful minority of Italians cling to the memory of Mussolini, as Migone discovered in the National Archives in Washington, it was not until surprisingly late in the 1930s that the United States decided to treat Il Duce as an enemy. In the interwar period, unlike after 1945, Americans did not assume that democracy was the natural destiny of all Western European states. Mussolini's American admirers ranged from the Hearst press to Columbia University's president, Nicholas Murray Butler, who gave a platform to fascist propaganda in the Casa Italiana on the Upper West Side. Both Presidents Hoover and Roosevelt expressed their approval of Mussolini's regime. Fascism promised to bring order and progress to Italy while holding at bay the menace from the left.

Already in 1972 John Patrick Diggins, in his *Mussolini and Fascism: The View from America*, had revealed the widespread enthusiasm for Mussolini among progressive American intellectuals. What Migone's book laid bare was that these affinities were founded on more than ideas and politics. Behind the scenes, financial interests had a part in orchestrating the *connubio* between America and Italian fascism. As he puts it in his preface, Migone may not have started out as a Marxist, but through "reading documents produced by central banks and investment bankers" he sometimes felt as though he might "become one."

One of the obstacles to acknowledging the amicable relationship between Wall Street and Italian fascism was the commonplace view of the interwar period as an era of economic nationalism. Mussolini was famous for his advocacy of autarchy and for triumphs such as draining the Pontine marshes and the "battle for grain" in agriculture. Italy, for its part, was severely affected by America's nativist immigration quotas imposed early in the 1920s.

But policies of national economic development were far from being incompatible with fostering international commercial and financial interconnections. One should take the "national" in "international" seriously. Italy's business elites never envisioned their country's economic development as severed from the world economy. The immediate effect of World War I was not so much to unleash deglobalization as to bring about a rearrangement of international economic interactions. Whereas before 1914, visionary industrialists like Giuseppe Volpi looked to Germany to assist in the development of modern industries in Italy, such as hydropower, from 1917 onward, Italy's economy came to rely on loans from Britain and the US, which by 1919 amounted to \$2 billion and \$1.65 billion respectively. After the Paris Peace Conference, despite the showdown there with Woodrow Wilson over Italy's claim to Fiume, Italian liberals continued to look to Wall Street.

Tragically, in the wake of Wilson's failure to persuade the Senate to ratify the Treaty of Versailles, America's mind was elsewhere. Insofar as the Senate and the State Department were interested in European stabilization at all, it was the fate of Germany that concerned them. It was the disastrous Franco-German conflict in the Ruhr that caused the US to reengage with European affairs in the autumn of 1923. By then, for Italy's first generation of Atlanticist liberals, it was too late. Mussolini had seized power in October 1922.

Migone shows how, with Germany as Washington's priority, Mussolini positioned his regime as far more amenable than republican France to America's new hegemony. Though Mussolini boasted of his war record, he did not pursue an aggressive policy toward Germany. He made it clear early on that he understood the power of the US. As he put it to King Vittorio Emanuele III in 1923 in urging him to make a state visit to America:

The return of migratory flow into the United States and cooperation with American capital represent two elements of vital importance for us. Beyond the economic advantages...it would be of immense benefit to Italy...because of the inarguable influence it would have on our relations with other States,...and among them none more than England.

Unlike the democratically elected politicians who ruled in Paris, in Italy Mussolini's dictatorship delegated financial policy to a succession of businessmen and technocrats. Unlike the French,

they accepted the basic economic terms set down by Congress and articulated by Commerce Secretary Herbert Hoover and Andrew Mellon at the Treasury. Circulating among them, as ubiquitous facilitators of conversations on both sides, were prominent bankers and above all J.P. Morgan.

In her preface Molly Tambor notes that one of the most difficult decisions she and Migone had to make in rendering his book into English was how to translate *classe dirigente*. Out of respect for modern sensibilities they rejected the most obvious option, “ruling class,” in favor of a variety of synonyms such as “elites” and “business leaders.” But even through the filter of this deliberately depoliticized translation, the picture Migone paints is clear. America’s new power in the 1920s was based on its economy, and in the projection of an American vision of international order beyond the League of Nations, it was US bankers who led the way. The crucial issues of Italian–American diplomacy were not questions of democracy, but of finance. They concerned the settlement of Italy’s war debts and the restoration of the gold standard. And with the friendly guidance of J.P. Morgan, Mussolini’s regime came willingly to agreements on the terms of financial arrangements with the US. The war debt deal negotiated in 1925 was the most generous that America concluded with any of its wartime associates. It set off a flow of American investment to Italy that only accelerated after 1927, once Italy stabilized on the gold standard.

Altogether America’s investment in fascist Italy soon exceeded \$400 million. Remarkably, by 1930 when President Hoover began his push to restore order to the world (starting with the London conference on naval arms control), fascist Italy, after Ramsay MacDonald’s Labour government in Britain, was Washington’s favored partner in Europe. When Mussolini’s foreign minister, the charismatic ex-*squadrismo* Dino Grandi, met Hoover in 1931, the president is said to have assured his Italian guest that the vocal minority of antifascists in America should be ignored: “They do not exist for us Americans, and neither should they exist for you.”

What tore the harmony of the 1920s apart was not the increasingly dictatorial tendencies of Mussolini’s regime, but the Great Depression. The collapse of the gold standard and the end to international lending sundered the ties of “soft power” that had restrained Mussolini’s regime. Mussolini had always talked of war and conquest, but since the Corfu incident of 1923, in which Italy was drawn into a diplomatic and military crisis with Greece over the island, he had moderated his foreign aggression. In 1935 expansionism flared back into the open. With his unprovoked attack on Abyssinia, Mussolini unhinged the interwar order. Hitler’s militarization of the Rhineland, Franco’s coup in Spain, and the *Anschluss* of Austria followed. Insofar as there was any hope of stopping this escalation, it would have consisted of early and aggressive sanctions against Mussolini over Abyssinia. But instead the liberal powers vacillated. Why?

Hitler famously said that he had seen the statesmen of the West at Munich and they were “worms.” On this, at least, Churchill agreed with him. For Migone, the logic of appeasement was not a matter of moral weakness. It was systematic. The failure to impose sanctions on the fascists was the faded echo of a once-powerful strategy of financial hegemony. In view of the policies of the 1920s, America’s refusal to back even the minimal sanctions imposed by the League of Nations was entirely predictable. Instead, surging imports of American oil and motor vehicles propelled Italy’s murderous aggression against the only independent African member of the League of Nations. The State Department’s principal concern was not to punish this violation of

international law, but the fear that if Mussolini were to be humiliated, his regime might collapse and Italy might fall victim to revolution.

Viewing appeasement against the backdrop of financial and political relations in the 1920s is certainly illuminating. But it also reveals a one-sidedness in Migone's history. He does not take seriously enough the bewilderment in Washington and London as they responded to Mussolini's sudden aggression. What, they asked, could Mussolini possibly want in Abyssinia? It was a real question. According to the accepted model of capitalist hegemony, which the Americans believed themselves to have been pursuing with their fascist collaborators, there was no obvious answer. Nor does Migone provide us with one. In his effort to refute the overly ideological readings of fascism as a violent political religion, he neglects to give us a systematic account of fascist aggression.

The violence that exploded in 1935 had many sources. But according to Migone's own argument it can best be interpreted as the underside of the compliance that he describes so powerfully in the 1920s. Do-or-die insurgency was a different kind of reaction to the new world order created in 1919. We cannot account for the singularity of Mussolini's regime—or that of Hitler—unless we acknowledge this duality. Il Duce did not just pay homage to the power of the British Empire and America. He also railed and plotted against them.

How to respond to this violent insurgency was a real challenge to the strategy of liberal governments after World War I. Their preference for peace was solidly founded. Social and economic interests and a distaste for war played their parts. The military potential of a German-Italian-Japanese alliance was not a threat to be taken lightly. But what drove appeasement was not so much the fear of defeat as the ruinous cost of winning again. The victory of the Entente powers in 1918 had come at a price so high that it called fundamentally into question the value of war as a tool of power politics. Since the Washington naval conference of 1921, both American and British strategy had consisted in solidifying their strategic dominance on the oceans. In 1935, if they had wished to assert it, the superiority of the British fleet over Italy would have been enormous. But imposing a full blockade would have required political mobilization at home and strategic alliances with France and the US that they did not offer and that Britain was not prepared to undertake.

What was missing was a credible system of deterrence, a standing force so formidable and so clear in its political and strategic mission that it would render implausible any effort to overturn the status quo. Since the Paris Peace Conference that is what the French government had been calling for—through some combination of a League army, automatic sanctions mechanisms, and security guarantees with real teeth. But it was precisely that insistence that made the French republic so obnoxious to Washington.

The subsequent disaster would reveal the limitations of a one-dimensional financial hegemony. To secure a congenial liberal order, a far denser mesh of politics, ideology, and military power would be required. After 1945, America's promotion of European integration and its anchoring role in NATO were two vital elements of the new order. Anticommunism solidified domestic political support. Eisenhower's nuclear "New Look," horrifying though it was, made deterrence financially affordable. As Migone's revisionism energetically reminds us, a further element of

the postwar order was a rewriting of the history of the 1930s that drew a veil of silence over the fact that as recently as 1935 institutions as pivotal as J.P. Morgan had been working closely with men who were now treated as fascist outlaws.

The work of “coming to terms with the past” begun by Migone and his generation thus illuminated both the interwar period and the political foundations of the postwar order. And though fascism has passed from the scene, it is this edge of critical self-reflection that gives Migone’s book its relevance to recent developments. What is the relationship between democracy and internationalized financial capitalism? How squarely can we face the tensions between them? In the era of Vietnam and Pinochet, Migone posed those questions about America’s relationship with Mussolini’s Italy. They are still with us today. And in facing them we need all the help we can get. Though the return of the humanities to the “history of capitalism” is a welcome side effect of the financial crisis, decades of neglect have taken their toll on our critical and analytical faculties. We will do well to sharpen our wits on the efforts of an earlier generation to grasp the political economy of international capitalism. Migone’s lucid and powerful book is a bracing place to start.

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