

The Nature and Evolution of Capitalism in Italy

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Abstract:

This article is the outcome of analysis of the nature and evolution of capitalism in Italy in the last 40 years, based on a review of the scientific literature and personal experience of the author. The aim of article is to formalize an ordered and concrete concept of actual Italian Capitalism, including creation of “Italian Capitalism Map”. The article compares the definitions of capitalism, used by different authors and academic institutions. These definitions reflect the history and process of economy development in Italy. The article conclude about the weak theoretical and methodological level of analysis of the nature of capitalism in Italy, where scientist are still use classic definitions of Adam Smith and Karl Marx. The author conducts a study of existing varieties of capitalism, both in Italy and in the world (how this phenomenon is seen in Italy). Special attention is paid to phenomenon of proto-capitalism, to the concept of crony capitalism, to division of capitalism in three sections: Personal-individual capitalism, Managerial capitalism and Rhenish-Japanese capitalism and to grade of state’s share in economy. The paper proposes to highlight five actors in Italian Capitalism: European Union Government Structures, National Government, Small & Medium Enterprises, Big Businesses, and Customers. The paper discusses relations and contradictions between these actors in Italian economy. Author also tries to predict a way of modern capitalism evolution in near future. As conclusion of research, Author proposed the “Italian Capitalism Map”, a kind of visualization of most important features of capitalism in Italy.

Keywords: Capitalism, Italian Capitalism, crony capitalism, varieties of capitalism.

1. Introduction

Studies about capitalism show it as a generic phenomenon, that has the same features and that is at first a theoretical object of study; this paper watch capitalism from another point of view, capitalism is modern life, modern economy, it is a practical phenomenon that influence life of people. But it is also an instrument of people, for this reason capitalism is used in different modes in all world. This article it is an overview of capitalism in Italy. The aim of article is to formalize an

ordered and concrete concept of actual Italian Capitalism, including creation of 'Italian Capitalism Map'. This article is trying to understand what is capitalism in Italy. It takes in analysis more aspect of this important phenomenon; indeed, at first it shows some of most important definitions of capitalism that are widespread in Italy, it is not only thought of economists, but also definitions from dictionaries, from encyclopedias and from world of Universities. Then it analyzed varieties of capitalism in economy in evolution process and in different countries in modern World economy.

After these points, article gives more attention about capitalism in Italy; it explain how is structured capitalism today in Italy, how was its process of evolution in recent past, who are today the main actors and how they interact with each other. Next the paper shows possible alternatives to actual economic model that there is in Italy; in this way author shows not only past alternatives as communism or socialism, but also new theory that were born few time ago and that are an alternative to capitalism and socialism.

2. Definition of Capitalism

Capital, capitalistic and capitalism, three different words that were born in different times. For F. Braudel capitalism was finally launched in a scientific use by W. Sombart (Modern Capitalism, 1902). There is not a definition of capitalism, that is the same for every economists, and not only because this phenomenon mutated with mutation of society, but at first because there are different concept of capitalism.

About definitions of capitalism, the Academic Italian sector uses to study classical definitions made from the most popular Economists of all times. C. Gentili, Italian essayist and Professor of Economy, defined A. Smith as the most important thinker of modern capitalism, even if he never used the word "capitalism", because it was created by K. Marx. Anyway Smith understood how works capitalistic economy, based on the pillars of the market and technical development (Torricelli, 2014). Marx is considered one of the most important thinkers about capitalism; his vision of this phenomenon was critique, indeed he was the opinion that such system will not survive, and it is destined to be auto destroyed. Capitalism cannot survive because it is base on this equation: $M \rightarrow I \rightarrow M'$. It means that for Max, Money generates Items, then when Items will be sold, this process will generate again Money + surplus (M').

For Marx, the fact that capitalism is based on money and not on production, is the first motivation because of failure of this system. Marx thought that religion is only a human creation to escape from economic alienation. Sometimes study of capitalism shows theories that are in contraposition each other; a clear example is the studies conducted by M. Weber. Indeed, going in contrast with Marx, he studied capitalism to show that religion can influence economy, so he wanted to underline the importance of religion as an entity that make people to operate in a determined mode into economy. J. Keynes declared that the decadent international but individualistic capitalism in the hands of which we found ourselves after the war is not a success. It is not intelligent. It is not beautiful. It is not just. It is not virtuous. And it doesn't deliver the goods. In short we dislike it, and we are beginning to despise it. But when we wonder what to put in its place, we are extremely perplexed (Keynes, 1933).

Another important economist and philosopher is J. Schumpeter, on theorized that capitalism is by nature a form or method of economic change and not only never is but never can be stationary.

And this evolutionary character of the capitalist process is not merely due to the fact that economic life goes on in a social and natural environment which changes and by its change alters the data of economic action; this fact is important and these changes (wars, revolutions and so on) often condition industrial change, but they are not its prime movers (Schumpeter, 1942).

Very interesting is also what M. Friedman said during an interview twelve years ago. He declared that he is not sure that capitalism is the right word. There is a sense in which every society is capitalist. The Soviet Union was capitalist, but it was state capitalism. Latin American societies in the past have been capitalist, but it has been oligarchic capitalism. So what we really need to talk about is not capitalism but free market or competitive capitalism which is the system that we would like to have adopted, not just capitalism (Friedman, 2002).

An important book that traced history of capitalism is “The Long Twentieth Century: Money, Power and the Origins of Our Times”, written by G. Arrighi in 1994. The Long Twentieth Century traces the relationship between capital accumulation and state formation over a 700-year period. Arrighi argues that capitalism has unfolded as a succession of “long centuries,” each of which produced a new world power that secured control over an expanding world-economic space. Examining the changing fortunes of Florentine, Venetian, Genoese, Dutch, English and finally American capitalism, Arrighi concludes with an examination of the forces that have shaped and are now poised to undermine America’s world dominance. A masterpiece of historical sociology, The Long Twentieth Century rivals in scope and ambition contemporary classics by Perry Anderson, Charles Tilly and Michael Mann (Arrighi, 1994).

Another important work that is useful to understand how evolved capitalism is “Aspects in Varieties of Capitalism: Dynamics, Economic Crisis, New Player”, editors are Henrik Egbert & Clemens Esser even if there are also Nadeem Naqvi, Heather Taylor and Andreas Nölke, Lothar Funk, Nadiya Dubrovina, Christos Triantopoulos, Marcos Sanz Martín-Bustamante, Raúl Sánchez Larrión, Hamid Hamoudi, Jeroen Touwen, Lukas Graf as authors; this book pays attention to what happened in recent past in America but also in Eastern Europe, it discusses and shows to reader how capitalism change and its process of evolution in all World and which kind of typologies there are.

The University of Bologna declared that capitalism can be defined as a combination of economic practices, that was institutionalized in Europe, between the seventeenth and nineteenth centuries, involving in particular the right of individuals and groups of individuals acting as "legal persons" (or companies) to buy and sell capital goods (including land and labor; see also factors of production) in a free market (free from government control) (Università di Bologna). University of Rome “La Sapienza” has a similar definition, however is not same; indeed they defined capitalism as an economic system based on the accumulation of capital and strategic speculation that produces a series of knock-on effects on the economy of a given country. It started during XV century, it became a predominant system in Europe, because of its commercial affairs between states, and the advent of industrial revolution (Università la Sapienza di Roma).

Concept of capitalism expressed by encyclopedias’ in Italy, continues to follow the previous trend; indeed, even if definition are in some part very similar, in substance they gave to reader another definition, which is different from the previous. For the Enciclopedia Treccani, which is one of the most influenced and famous encyclopedia in Italy, declared that capitalism can be defined ,in an ordinary sense, the economic system in which capital is privately owned, so synonymous with 'economy of private initiative' or “free market economy”. (Encyclopedi Treccani).

Italian Dictionary “Sabatini Coletti” present capitalism as economic and social organization based on private ownership of production tools (Sabatini Coletti). Another famous dictionary, the Hoepli, defines capitalism as an economic and social system based on private ownership of the means of production and the systematic capital investment aimed at profit of entrepreneurs, which produces the subdivision of world production in the capitalist class and the working class (Hoepli).

3. Varieties of Capitalism in History and Modern Economy

These definitions are probably enough to explain level of difficulty to explain capitalism in Italy and Europe. During centuries, dynamic process of development of capitalism doesn't help to find a common definition. In this way economist and other social scientists started a work to divide capitalism and to give more specific definitions that reflect a particular historical period. For this reason, we can affirm that capitalism was born during XIII century is not wrong even if it cannot be compared with actual varieties of capitalism. This historical period is called proto-capitalism; it started when in Italy, marine republics and cities-states started to have commercial exchange of product made by people who decided to invest their capital into an economic activity. Proto-capitalism started its decline with the discover of Americas, because Mediterranean sea was not considered the principal setting for commercial exchanges, reason for what nations as Great Britain, Holland, but also France, Belgium and north Germany, started a new era of capitalism accompanied by mercantilism and then by laissez faire policy. This period will finish with the second industrial revolution. In this period there is a first varieties of capitalism because with the mercantilism, so with Ricardo at first, who theorized the accumulation of capital and the necessity of exports, and in the end also because of technology that was viewed as an instrument to increase production. But during mercantilism, the centralization of State, in Spain or Austrian Emperor for example, was considered an important principle for economy, and it goes against the modern definition of capitalism. For this reason historical and economists uses to talk about capitalism only after the application of a new policy, the laissez faire, and the begin of the second industrial revolution. In this period, so in the second half of XIX century, urbanization, an incredible technological progress, division of labor and the introduction of wage labor create the condition to modify the economic system radically. Who own capitals started to invest in industry sector of production, and who didn't want to do it built banks or credit institutions; this create a lot of surplus, that were reinvested in new activities into industrial or credit sector. It generated an increase of gap between rich and poor people, also because the process of urbanization increase number of manpower, and it create conditions to decrease minimum wage. It is the era of monopolistic capitalism, contrasted especially in U.S.A. with the famous anti-trust. But after the First World War, the begin of a sentiment of nationalism, accompanied by the instauration of Fascism in Italy (1922) and Nazism in Germany (1933), and the Great Depression (1929), create conditions of a new capitalism, based by protectionism and a progressive diminution of liberal commercial exchanges. In all states, there was a strong intervention by State, in U.S.A. there was the new deal by Roosevelt, in other a very revolution of this system, as in Italy with the application of corporatism instead of capitalism. After the Second World War Europe and all the Western part of World entered into a new phase of capitalism, in which it starting to be viewed not only into economic speech but also into sociology and law. This new capitalism grew up with the idea of liberal markets, freedom of people and in a gradual disappearance of public intervention not only into markets, but generally into economy. The most important idea is that capitalism is able to auto

regulate economic life, with the principle of Darwinian selection. In this way the most important expression of this thought is Milton Friedman and the Chicago's School. The new idea of "invisible hand" and "light state", these ideas were then applied in Chile, after the coup of state by Pinochet and the institution of the "Chicago's boys" (Bavone, 2011). It was also period of theories of Keynes, but the actual story in Europe, shows to reader that was privileged the idea of Friedman even if continue to exists also ideas of Keynes, that in some cases justified the intervention of State in economy. This period is also called neo-capitalism, because of the new ideas neoliberals. D. Rodrik, English economist born in Istanbul and actually Professor of Economy in the University of Harvard, shows that history created three kind of capitalism. Capitalism built with the liberal vision (capitalism 1.0), then a new capitalism based on an active governance of economic and social factors by national institutions (capitalism 2.0); the new capitalism that we are living (capitalism 3.0) (Pananari, 2011). More strong is judgment of J. Stiglitz and P. Krugman; they are sure that economic crisis will put in crisis all capitalistic system, this will generate a negative opinion of the actual system (Medetti, 2012). The first problem is that, as Keynes affirmed, vices of economy are two: the first is that labor is not guaranteed for everybody and then the division of incomes is not equal (Fitoussi, 2009).

Now as now capitalism is not viewed only in order to give a definition, because it has the perception that capitalism is society, is actual lifestyle, is everywhere. Before Weber M., theorized the idea that capitalism was establish more in some countries and before than other, because of religion; so religion as a factor of influence of capitalism and so of economy generally. Braudel apologized the idea that capitalism is not only an ideology but a system of force elaborated by an equilibrium of all the major force that control society. For Napoleoni, problem of capitalism was the central role gave to production, was his opinion that economy cannot lose contacts with culture and story (Cavalieri, 1988). Definition of capitalism today, is also the analysis of classical capitalistic society, because only in this mode can be explained why nations as Russia, China and Venezuela, even if based on a formal capitalistic system, are so different (and at first not in crisis) than the European nations (Touraine, 2012). Probably it is the result of a process that became bigger than capitalism; in Europe a process started more than 60 years ago, create condition of an equilibrium and convince of forces that are capitalism, liberal markets and democracy. Problem is that economic crisis broke this equilibrium; reason for what today an unequal society is supported and legalized by national governments that are less powerful and more into hand of global economies and rating agencies.

Capitalism is in present time in almost all world, there are some exception as Cuba and North Korea, in which the Socialistic system continued to be the preferred economic system, also after the dissolution of Soviet Union. Then there are some remote zones of World, in which there is not capitalism because there is not technological progress and globalization; all primitive tribes of Amazon, Africa and Oceania continue to use an economic system based on barter.

In the other part of World, is present capitalism as the only economic system; but a more detailed analysis shows to reader that there are different kind of capitalism. Indeed, if in Western Europe and in U.S.A. there is the "classical" and "pure" varieties of capitalism, in which liberal economy, with democracy, globalization and free markets are moving the economy, then there are other kind of capitalism. The clearest examples are China and Russia : in these two countries capitalism as known in Western Europe is absolutely different; so different that economists use to talk about "state capitalism". In these nation, even if there is private property, some sectors of economy are national yet, and generally State continues to have an important role inside the

economic process; some companies are controlled by State totally or as major shareholder, it can help big companies that are in difficulties and they can influence economic life of their nation. Then there are other forms as the capitalism of Northern Europe, typical of Scandinavian regions made by an efficient welfare state, to the repressive capitalism of South Africa in which, even if people can decide to open their own company, State continues to maintain a predominant role in economy, so strong that it can decide sorts of all companies.

Usually Italian Academic Science uses to make another kind of division of capitalism, based on the structure of companies and model of gesture. In this way there are three kind of capitalism:

- 1) personal- individual capitalism: it is typical of Italy; usually company is little, with less than 20 workers, investments are not so big and power of control is centralized, generally managers are also owner of company;
- 2) managerial capitalism: typical of Anglo-Saxon nations (U.K. and USA); in this model power is decentralized, company are usually big, indeed they can be share companies; the governance is composed by a lot and a lot of little investors that control a little part of society; in this model important is figure of manager, that has role to govern the business and get the results that shareholders expect.
- 3) rhenish-japanese capitalism: typical of some northern regions of Germany but especially of Japan: this kind of capitalism is characterized by big companies as in managerial capitalism; governance and managers are two different figures, but power is not decentralized as into previous model, indeed in rhenish-japanese capitalism governance is made of few important and big shareholders, generally Banks, companies of investment funds, or big companies.

4. Highlights of Capitalism in modern economies

In Chile on the 11th September of 1973, Augusto Pinochet, head of armies of Chile, helped by United States and some private companies, took power after a state coup in which was deposed and killed the president elected Salvador Allende, member of Unidad Popular, a party with socialistic inspiration. This nation, and three years after Argentina, became gym to apply the ideas of Friedman and his school; Pinochet in fact assumed at the head of the economic ministry a group of young Chilean economists from the School of Chicago, so absolutely persuaded by the idea of capitalism and liberalism studied with Friedman. In substance retire system and healthcare were privatized, then was cut expenditure for welfare, intervention of state into economy was reduce to zero; in few words all national expenditure was cut. This historical period is recognized as “Chilean miracle”, because there was an important increase of economy, even if level of inflation, unemployment and debt increased too. Level of total exportations increased of 3 times from 1973 to 1981; in the same period level of not traditional exportations increased of more than 10 times (Meller P.,1998). Today capitalism, in Europe, is reviving a process happened in U.S.A. with new deal of Roosevelt, but there’s an important difference between the current situation in Europe and past in America. Roosevelt created the agency of antitrust; it had the aim to control private economic system in order to not permit to big companies to create a monopoly or oligopoly.

Austerity and capitalism could seem so far one each other: their function into society is so different, austerity is inherent with States, public finance, and one of principle of capitalism is the

private initiative. But since capitalism germinated into society, every time existed a relation between public and private, and politic with capitalism, represented two opposite weight that permitted to maintain in equilibrium balance of economy. For this reason today in Europe, concept of capitalism it must necessarily compare with this kind of policy. The dynamism of this historical period shows to reader different example of capitalism, many facets of capitalism that depend on the relationship that exists between policy and economy, at first financial economy. The administrated market in Russia, and the state capitalism in China, are not only real examples that there are different kinds of capitalism, but is also the historical result of a balance of power between State and economy. In the last trimester of 2014, especially in December, Russia assisted to a devaluation of Ruble, change with euro in August 2014 was almost 48 Rubles for 1 euro, and the same exchange on 15th of December was 71, on 16th 91 and on 17th 82. To resolve this crisis Russian government sold Russian reserves of dollars; then on the 20th of January government of Russia allocated 35 billions of dollars to fight this crisis, at first to recapitalize more than 30 Russian banks, then also 700 million dollars for agriculture sector (Il fatto quotidiano, 2015). An important leader of Italian political opposition, Beppe Grillo (founder of political party "Movimento 5 stelle", second in Italy into European Elections) wrote an article in which he explained why Russia is so different than European Union. He underlines how problem of Russia is the same of Italy, an imbalance in the balance of payments due to the currency exchange rate, which in Russia was too low as in Italy too high. Grillo uses what happened in Russia, and how Russian Government was able to resolve the crisis, in order to explain why Italy and all nations part of Euro-group, may have a better situation without euroeconomic (Grillo, 2014). Indeed Italy as all euro-nations, doesn't have monetary sovereignty, reason for what they cannot buy or sell or print more bills, so Italian government cannot print more money to try to arrest the actual crisis. Then one of most important principles of European Union is the liberty of market, because of this clause is Italian government cannot help companies that are in economic difficulties.

What is happened in Russia as what is happening in global economy, can show to reader that, even if it is thinkable that everywhere there is capitalism, the last historical period created so different systems. In China, during the second half of 90', started a process of privatization that has create premises to the actual state capitalism. It shows that there are in act modifications into Chinese economic system in order to be more capitalistic and less socialistic, but this system cannot be compared with Russian or European economy.

Role of bank sector and generally financial system is another element that characterized differences between Europe and new economies. Ratings, stock market indices, spreads are so familiar words in Europe, used every day to understand national level of economy and its trend. In Geography, at elementary school, when children study nations, is reported flag of a country, its geographical form, name of president and GDP. Then the GDP, was used also by European Union; in fact one of most important point of Maastricht treatment, was that the ratio of the annual government deficit to GDP cannot be higher than 3%. For this reason Italian government, on 4th of September 2014, decided, on suggestion of EU, to include in its GDP all incomes made by illegal activities as drugs and prostitution (Rai, 2014). The reason is because in this mode European national economies can be better compared. A clear example that numbers and balances control states, and politician are only an instrument that guarantee this system to operate. Another very clear example is Italian situation on 2011. Silvio Berlusconi, probably the most discussed Italian prime minister of history, in a bad and into a good way, resigned and was nominated Mario Monti as prime minister without election but by a mandate of President of Republic Giorgio Napolitano.

Berlusconi took this decision because he received too many pressures by Sarkozy and Merkel, presidents of France and Germany, spread between Italian BPT and German Bund increased by 150 points to more than 300, but why it happened? During 2010 Deutsche Bank, which was owner of 8 billion euro of Italian BTP, decided to leave almost of them in only 6 months, after that Merkel asked to Berlusconi to accept help of IMF but he refused. Then BCE, decided to buy Italian bonds only after that parliament approved a move that cut expenses finance of 45 billion euro, but it was not sufficient (Cingolani, 2014). For this reason on November 2011 Berlusconi resigned, then arrived Monti, and after his “cure” as he called it, in which all economic indexes became negatives, BCE started again to buy Italian bonds. True is that this European capitalism is more similar to mercantilism period than to what professed Smith or Keynes, the only difference is that now Economy is owner of policy and not vice versa.

5. Capitalistic system in Italy

Capitalism in Italy is for some aspects different than in Western European or American; studying recent past history of Italian capitalism it will result clear. On 1998, when President of Republic of Italy tried to privatize Telecom (the only national company of telecommunication), he didn't find a group of Italian capitalist who were able to invest in this company, for this reason today an important share of Telecom is property of foreigner investors; but is also true that Italy is considered the 6th economic nation in all World with a surplus of 24 mil. of euro of credits with other nations, only Japan has more credit (Rampino, 1998). It is one of paradoxes that are typical of Italian Capitalism; another example is represented by the presence of few private lobbies that govern economy Italy, very strong in their country, so little compared with European economy; what is really particular is that these lobbies are not in contrast one each other, but vice versa they want to help and be helped, and when they cannot do it there is ever the State already to give new funds and new capitals to these lobbies (Amatori, 1997). In the end another peculiarity of Italian capitalistic system, is that it hasn't got very big companies, as in other countries, but is characterized by a presence of a lot of micro centres of production; this mode of do economy starting during '70 year, in this period in Italy capitalists started to create little companies connected with others, production was selective and characterized off high quality, anyone of all this businesses works for production, in series creating standard products; instead for their production, companies used creativity, good raw materials, little segment of market. This process started for the manufacturing, but then also production of furniture or technology follow the same mode of production (Vasapollo, 2007).

But globalization made world economy to take another way, in which production is acceptable only if it generates big profits with less costs, for this reason China, that can be considered the anti-Italian capitalistic system, today is considered the big factory of world. But is also true that for the same reason these companies are not worried from Asiatic concurrence, and they continue to operate into economy using what of good globalization give to them, at first the creation of new segments of market.

During an interview, F. Barca, an important Italian economist, tried to synthesize this passage long 40 years, from the boom of Italian capitalistic system to the actual crisis. At first is useful to explain also historical situation of '70 years; indeed Italy was a nation with an important cultural confrontation, the PCI (Italian Communist Party) which wanted to impose the socialism in

Italy, the DC (Christian Democracy) which wanted an human capitalism, and in the end the U.S.A with fear of socialism in Italy. Three different ideas that had a common point: the importance of national institutions; IRI (Institute for industrial rebuilding), AGIP (General Agency Italian Petroil) and the Bank of Italy, these three institutions contribute to create the base of economic boom during '70. Then there are other two point of force that generated the force of that italian capitalistic system; the second is that Italy is a highly flexible country, another reason because this nation must have an adequate fiscal system; the third is the family business, so a lot of small businesses that create an important economic networks (Valli, 2015).

In the end of interview, Barca declared that this capitalism will fail, because at first there is not a common vision to how can improve actual situation, then common people are not understanding where will go this kind of capitalism, how it will be, especially if now it is full of corruption and it lacks of ethics. Last point explain in part what written before about crony capitalism, but is also important to analyze the first part of his interview, is interesting to analyses where are and what are those three principal actors that increase economy of Italy. Bank of Italy, with adoption of euro as official coin of Italy, and then with a decree of President of Republic (D.P.R., 12/12/2006), this institution has only a consulting role into European System of Central Banks (ESCB) (Bank of Italy is inside since 1998), all monetary decisions are taken by Central European Bank, so de facto Bank of Italy doesn't assume any active role into economic life; IRI created by Mussolini o the 1933, became an important institution, very appreciate also abroad, because it was not simply a mode to nationalize big companies or give to private public funds, IRI created a real cooperation between public and private sector; then it became a public company on 1992, and was closed on 2002, also because European Union doesn't permit State to help private companies or to participate actively to economic life of its country. The most fragile force, the family business, data of Eurostat are showing that Italy is the only country that from 2010 to 2013 decrease number of small business of 23%, this data can effectively shows real situation. After its unification, Italian Capitalism is a mixed system made of free market and intervention of the State into economy; two figures in contraposition, but especially after the Second World War, it guaranteed an important economic development that made of Italy one of richest and advanced nations of the World. But this balancing of forces created also some negative factors in the Italian society, at first a clientelistic policy that started to use national companies as an instrument of political propaganda; for this reason happened that national companies had too many workers, and balance were in loss making. This factor is also one of causes (that are really so many) because Italy has so big public debt, but before this problem was not considered so important, so Governments didn't try to find a real solution. But after 90 years, clientelistic policy with a big public debt, started to become an important problem, a very plague for Italian economic system. Clientelistic policy created a phenomenon, the crony capitalism; it is an economic system in which family members and friends of government officials and business leaders are given unfair advantages in the form of jobs, loans, (Cambridge Dictionary). John Micklethwait defined it one of most important problems of XXI century (Zingales, 2015). It is becoming a real plague for Italian economic system, one of reasons because capitalism is failing and results are clear to everybody; the impossibility of Italy to come out from crisis, is also because economy is full of crony capitalism. Of course is too reductive to say that Italian economy is only crony capitalism, but is also true that if capitalism means create money in order to create more profits, it means that probably crony capitalism is a normal evolution of an ill system. Zingales analyzed that crony capitalism is creating social inequality, and it is a phenomenon that is present not only in Italy, not only in South America or in Russia, it is everywhere; indeed he thinks that also in USA there is

crony capitalism, and a proof of his theory is that 7 of 10 richest quarter of all USA are in Washington DC, place in which are produced only laws and regulations (Gregg, 2014).

6. Main Actors and Contradictions of Italian Capitalism

Actually, the Italian economic system is composed by the State, big and small companies, customers and the European Union. What changed during years was the balance of forces between these actors. Indeed, after the dissolution of Soviet Union, started a reduction of power of State in favor of the European Union; in this way the Euro is the most concrete example. During Fascism, was applied a corporatist system, that create condition of a cooperation between companies of the same sector, all under control of State. After the Second World War, and the instauration of Republic in Italy, the previous system was deleted, but into the usual economic life something remains. Actually there are clusters of enterprises, that represent the Italian excellence and the answer to crisis; these companies are not unified, but they act outside borders as in collective, in order to have more force into economy. The progressive reduction of State into economy changed also relationship with companies; for this reason happened in recent past that some important italian companies were bought by foreigner investors; companies as Alitalia and Telecom are two of most important examples of companies that before were helped by the State and today in hand of foreigner investors. Relation with small companies and State changed too; today even if control of State is less, small businesses seems less independent than before, at first because of all regulations imposed by the EU and by the State. In some cases, because of globalization at first, and of liberalization at second, small businesses were not enough protected by the State, and first impulse to create new economic situations arrived at first by the EU. The taxation system of Italy is neither helping relation between customers and sellers; in fact the increase of Value Added Tax of 2% points into last three years, is not helping sells; but after it there is generally a taxation system that is applying a strict austerity that is not giving the expected results. Anyway, to understand actual situation is better to analyze what happened in Italy after the Second World War; is useful to understand this process of transformation that probably is unique in the World.

After the Second World War, Italy had a period of economic transformation; from crisis after world to the economic boom of 70' years. From 60' years Italy started a process to reduce intervention of the State in economy, but this process started to have a relevance only since 90' years, before Italy, even if considered a capitalistic nation, had a different economy in confront of Great Britain, France or U.S.A. Is opinion of author that Italian economic structure of 70-80 years was more similar to the actual Russian structure, indeed even if there was private property only in Italy, the absence of the European Union made Italy to be a protectionist nation with a strict regulation by the State; more companies, especially in services, energies and transports market were all public, as now in Russia. Today only 18 companies in Italy are totally under public control, 3 in which State is majority shareholder and 7 in which is minority shareholder (Department of Italian Treasure, 2015). A lot of companies as IP or AGIP that operates into oil sale sector, were sold as Poste Italiane (Italian Post) for example, other as Bank of Italy is public for only the 5,67%.

In Italy as in Europe a lot of people think that capitalism is an ill system, and theory as "theory of Social Economy" of Sen A., or "theory of happy degrowth" of S. Latouche are considered as an alternative to this system; but today capitalism for Italian is considered as the result of an economic, but also social or juridical process of evolution. Probably last evolution of

capitalism destroyed that human side of economy. To make an example, before in Italy there was a public society that built popular houses for poor people, they built them in all villages and towns, in proportions with number of citizens; now State is not able to defend these categories of people, there are not these forms of help for these people. Another example is the reform of job regulation. The famous “job acts” of last Prime Minister Matteo Renzi, brings more flexibilities for workers; flexibility that means that they can be fired easier, they ultimate the destruction of permanent job, creating more mobility. In past times real force of made in Italy, was a lot of little factories and companies who really grow up a worker, people started to work when they were also 16, and boss showed to last arrived method of work, creating in his workers a sense of identity for company, a sense of membership. With years, and also with the evolution of capitalism, this idea lost his meaning and today a worker is a resource, a mix of quality and expenditures, contributions taxes and holidays to pay. The increase of instruction’s level, with a diminution of presence of the State in economy and globalization with technological progress, moved bosses to think to workers as resource; parameters of valuation became different and so now there is any factory which is already to invest time to teach a worker, now there is a department that may read resumes and resumes in order to make a sort of rank; bachelor’s final vote, how many languages, how many certifications and so on.

In Italy concept of private property is an integral part of humanity, is impossible to think an Italy without private property; for this reason maybe common concept and valuation of capitalism is having a different meaning today. A sort of unique entity, in which there are concepts of free markets, liberalism, absence of State’s regulation, globalization, and for absurd list can continue putting inside European Union, TTP, Euro, NATO, FMI and World Bank. All this figure and concepts, create the actual meaning of capitalism in Italy.

Final results of this new capitalism, that is real unpopular in Italy but generally in all Europe, created a lot of antagonist movements, some to extremists as no-global movement, famous only for their aggressiveness during strikes, some others not so popular as “the movement of the pitchforks”, that paralyzed economy of Sicily in the end of 2011, problems to take gasoline and shops without foods, this movement closed most important road that connect Sicily with Italy; then on 2013 they tried to do the same in Italy but it was a flop, people didn’t take part (Gigante, 2013). But then there are also some very popular movement, that are trying to take power democratically some countries. They are different, but all are real political parties with ideas that are in contrast with European Union and this mode to do economy. In France for example, is very famous the “Front National” of Marie Le Pen, a right party, popular and not conservator, nationalist which doesn’t believe in European Union, Euro and economic cooperation, in Italy “Lega Nord” is a very similar party to the “Front National”; in Spain there is “Podemos”, a left-radical party, that lost trust in Banks and this economic system, European Union is a failed project and all nations must return to take the total control of decisions, an economy in which State is present and take decision, education free and abolition of Euro; it is the Italian version of “Movimento 5 Stelle”, second force in Italy, strenuous fighter of political corruption and Euro and against sanctions (as Front National, Lega Nord, Podemos and other parties).

7. What after capitalism?

In economic literature, the first alternative to capitalism is represented by the planned economy typical of socialism and communism; even if it is also true that this system represents more an historical alternative, without a possible application in the future. Planned economy is something of old, that belonged to an important political tradition that today there is not, for this reason it cannot be considered as a real alternative to capitalism. It stopped to be the first alternative to capitalism when the Italian Communist Party started the process of historical revision in 1988; in this period the party started to move from the traditional communist and soviet philosophy to a new idea of social European democracy.

Today, in scientific and economic context, what is more considered as a future alternative of capitalism is an economic system that will have some features of the actual system, but generally will be characterized by more ethics in economy and less importance to profits. In this way A. Sen is considered an important philosopher-economist, who gave a real alternative to capitalism.

It is considered also a past theory as an alternative to capitalism, it is the social economy of markets, a theory that was born in 1948, year in which was created the School of Freiburg and a new economic philosophy called “ordoliberalism”; this name “ordoliberalism” is inspired by the magazine “Ordo” created by Prof. Walter Eucken in 1940 (Felice, 2010).

A state guarantees the efficiency of markets but it doesn't influence directly economic production and market equilibrium. State must preserve all those values and interests that do not have contractual capacity; in detail it must preserve constraints of solidarity, but also welfare and formation of workers. For the social market economy, meritocracy must be a fundamental value of society and economic system, then the engine of the economy in the balancing force that rules have in front of the private initiative. (Baratta, 2012)

8. Conclusion

The paper presents an overview of nature and evolution of capitalism in Italy. There is not a common definition of capitalism in Italian literature, but everybody agrees that capitalism is based on private property and importance of profits in economy. But after this definition, the process of transformation (that is actually in movement) of capitalism shows to the reader that concept of capitalism is more complex, and also it includes other concepts such as the role of State in economy and the liberalization of economy at first.

Italy is a capitalistic country since the end of the Second World War, but Italian economic structure changed very much in last 70 years. It is the clearest proof that capitalism cannot have a static definition. It is a dynamic process that continues to change its form with changing of society. Another element is that even if a lot of people suffer the actual capitalism, there is not a real economic alternative that can replace capitalism; the analysis of alternative theories show to read that change capitalism means at first change actual society and principles that constitute the current World. Actual situation is not stable, and new antagonist movements, that in some cases became real political parties, are the proof that this system needs to change. In the end another important fact that this study evidenced to the reader, is that State is losing power of control in economy, but the real problem is that this process is favouring a real independent and auto-regulated economy, or if it is creating the base of a kind of economic anarchy in which who is stronger has the power. Unfortunately until now anyone has a concrete answer, and probably only the natural evolution of

events will be able to answer to these questions, also because, this is not a definite system but it continues to change and to mutate its shape with changing of society.

We propose to use the “Italian Capitalism Map” as a useful framework for description of the nature and evolution of capitalism in Italy. It shows the most important factors that characterize Italian capitalistic system. Capitalism is complex phenomenon that contributes to the evolution process of a nation; that’s why it is important to study why Capitalism is not only an economic phenomenon, but also a social and historical subject of study.

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Italian Capitalism Map

Defining Capitalism in Italy					
Influential thinkers	K. Marx, W. Sombart, F. Braudel, A. Smith, M. Weber, J. Keynes, J. Schumpeter, M. Friedman, J. Stiglitz, A. Sen, S. Latouche, L. Zingales,				
Common definitions of Capitalism	<div>1. economic system based on the accumulation of capital and strategic speculation that produces a series of knock-on effects on the economy of a given country</div> <div>2. economic system with privately owned capital</div> <div>3. economic system characterized from the large capital accumulation and ... reduced to wage labor, exploited to obtain profit</div>				
Evolution of Capitalism in Italy	1 st stage	2 nd stage	3 rd stage	4 th stage	5 th stage
	Medieval Times	1861-1922	1922-1944	1945-'00 years	today
	Proto-capitalism: first form of Capitalism. A rich person decides to invest his money in new activity.	Industrial Capitalism: Italy was unified. Process of industrialization started in north Italy. Economy in the South was rural and based on agriculture. State regulated and control economy	Corporatism: in economic life and Fascism in polity. it is considered a medium way between capitalism and communism	State Capitalism: capitalistic system with an high participation of State in economy.	Crony Capitalism: mixed with Neoliberal capitalism in which State cannot modify and act actively in economy.

What after?		When?	Where?		
Social Economy (proposed by A. Sen)		2020	Developing Countries of Asia. Bangladesh, Thailand, Sri Lanka		
		2025-2030	Venezuela and then most countries in South America, Northern Africa and some countries of Middle East as Syria, Palestine, Lebanon, Central Africa and South Africa		
		2040	BRICS		
		2050-2070	Europe (maybe)		
Main actors	Family firms and medium business, European Union, Government, Big companies, Customers	Main institution	European Directives, Italian Constitution art. 41 about private economic initiative, Civil Code art. 2082 about little manager, art. 2462 about limited company, V TITLE of civil code, art. 2333-2451.	Role of State	State regulates markets by law system, including Italian law and EU law. It doesn't take actively part in economy
Italian Capitalism is different from other countries, because Italian economy is characterized by a lot of little enterprises that embedded in economic networks. To understand how works capitalism you must be study how work little businesses.					
<p>Important works (recommend to read):</p> <p>Amatori F., (1997), Storia del capitalismo italiano dal dopoguerra a oggi [History of italian capitalism after second world war].</p> <p>Vasapollo L, (2007) ,Storia di un capitalism molto piccolo [History of a very little capitalism].</p> <p>Zingales L., (2015), Una piccola vittoria contro il capitalismo clientelare, un grande segnale di speranza [A small victory against crony capitalism, a great sign of hope]</p>					