

Enrico Cuccia: Italy's most powerful banker

by Leonardo Servadio

Il padrone dei padroni

by Giancarlo Galli

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Toward the end of the 1970s, Italy was torn by terrorism which claimed hundreds of victims among politicians, trade unionists, security officers, journalists, etc., and anyone with any public status was surrounded by bodyguards. Yet, every morning, a well-dressed elderly gentleman made his way, alone and unescorted, from Milan's St. Babila Church where he attended mass, to his office at Mediobanca, the country's only merchant bank. That man was Enrico Cuccia, the most powerful banker in Italy. The title of his biography, by *Avvenire* economics and financial journalist Giancarlo Galli, *Il padrone dei padroni*, can be translated as "The Lord of the Lords," or "The Bosses' Boss."

Cuccia is an extremely secretive man, very little is known about him; and, for that reason, Galli's research is of extreme value. For tens of years, only one picture existed of Cuccia, and, although he always stuck to a very precise financial policy, his name and actions have rarely been debated publicly.

Still today, when, at nearly 90 years old (he was born in 1907), Enrico Cuccia (now "honorary president" but in reality the mastermind of Mediobanca), still walks alone every morning through the streets of Milan, he passes more or less unnoticed.

Through Galli's account, the reader discovers how dramatically important the role of this one man has been for the history of Italy, a man who managed to become the champion of the free market, the actual leader of the private interests of a small group of families in Italy. A man who was always extremely powerful, but who was made over-powerful, thanks to the ongoing wave of privatizations of what was the biggest state-owned industrial sector of the western world.

Looking at the history of the group of financiers out of which Cuccia emerged, the apparent conflict between the

"public" and "private" sector, takes on a different aspect. Cuccia's career was sponsored from the beginning by Guido Jung, an entrepreneur who was able to monopolize the world market in almonds, and who, in 1932, became finance minister in Mussolini's Fascist government. Jung was a close friend and collaborator of Giuseppe Toeplitz, the director of Banca Commerciale, one of the state-owned banks. It was Jung who was to deal with big finance capital on behalf of Mussolini. It was Jung who introduced Cuccia into the Bank of Italy, where he started his training as a banker.

Closely connected to Jung was Alberto Beneduce. Beneduce was the director of IRI (Istituto per la Ricostruzione Industriale), the holding company through which the Italian state, by means of nationalizations, helped many private industries out of the Great Depression which had exploded in 1929. Through the common friendship with Jung, Cuccia was to become a close acquaintance of leading masonic figure Beneduce, and later married one of his daughters, whose given name, significantly, was Idea Socialista (Socialist Idea).

So Cuccia, who was to become the champion of "private capital," as opposed to "public capital," started his career with those people who led the "nationalizations" whence originated the overgrown state sector in Italy. There is no contradiction in this, because, as it should become clear, for the big financial interests, what is more important than the proprietary status of the enterprises, is that they be managed in the interest of the major capitalist families; this is the philosophy which inspires Cuccia's activity. Just as Cuccia today is leading the privatizations, in accordance with the interests of Italy's leading capitalist families, during the 1930s, his master, Beneduce, was running the big state take-overs in order to have the Italian state pay for the crisis into which the entire industrial and financial sector had plunged as a result of the 1929 collapse.

Thus, it is not central whether an industry is private or public, but rather what industrial policy an enterprise, or a state, decides to follow.

Mattei's policy versus Cuccia's

The only true counterpole to Cuccia was Enrico Mattei, the founder of the National Oil Co. (ENI), who—from the end of World War II until his death in 1962, when his plane crashed near Milan as it was about to land (very likely as a result of an explosion triggered by descent of the plane's landing gear)—pursued a policy of technological growth and energy independence for Italy.

Mattei's policy was to promote industrial development both in Italy and in those countries from which ENI was exporting oil: which is why he entered into a strong corporate and principled competition with the Anglo-American oil companies, to the point that he sought some Soviet support for his actions in the Third World; for this reason, the lie

was widely spread that Mattei was a communist.

Mattei headed a state-owned corporation which led the industrial development of Italy: Nothing could be further from Cuccia's mentality. Cuccia cares only about finance, and not in the least about the tangible economic results of his financial policy. As Galli pinpoints, Cuccia's continuous financial operations, which are planned and implemented with military precision (Cuccia is a disciple of military strategist Clausewitz), have the sole objective of increasing the network of financial interests in the orbit of his Mediobanca. Cuccia tends to suppress the investments in research and development in firms which come under his financial influence, since he believes that patents can be bought anyway, and that therefore, profits shall be used only for financial speculation or to favor mergers and acquisitions. This logic has caused the Italian industrial sector to fall significantly behind the levels of the industrial production of its foreign competition—or has prevented Italian industry from reaching the levels of the foreign competition—to the point that the only way of making Italian industry competitive with the Germans or the French, has been to continuously devalue the lira: a process which continued throughout the '70s, and, with a slight interruption in the '80s (when the public debt shot up to the point of bankruptcy), into the '90s—thus favoring foreign and national speculation against the lira.

Cuccia, the Action Party, and André Meyer

In 1938, Cuccia was hired by Banca Commerciale, and put in charge of the "foreign sector." At that time, the bank was led by Raffaele Mattioli and, when it was clear that the Fascist government was about to collapse, it became the organizing center of the "white collar" anti-Fascist resistance movement. Such an organizing center took the name "Partito d'Azione" (Action Party), which included, besides Cuccia, Ugo La Malfa, Giovanni Malagodi, and several intellectuals and politicians who were to constitute the "secular intellectuals," as counterposed to the "two churches": the Catholic Church and the Communist Party. From this moment on, the most significant element for the case of Cuccia is the personal friendship he developed with André Meyer.

In the spring of 1942, Cuccia was tapped to make contact with the Anglo-American governments on behalf of the Action Party: In his capacity as foreign officer of the Banca Commerciale (Comit), he was sent to Lisbon, under the cover of transferring shares of the Latin American Comit (owned by Banca Commerciale and Paribas) to the Banco Espirito Santo e Comercial of Lisbon. In Lisbon, he had extensive contact both with the U.S. ambassador, George Kennan, and with Lazard's André Meyer.

Meyer, who rose to the top of Lazard after starting out as an errand boy, had fled Paris in 1940, and settled in New York. According to Galli, it is during his stay in Lisbon that Cuccia established with Meyer a sort of "action pact" aimed

at defending finance capital from the threats of communism and Stalinism. Another important contact of the Action Party, through Adolfo Tino, was then Office of Strategic Services official (later the first CIA director) Allen Dulles, in Bern, Switzerland.

In 1943, Cuccia became co-director of the Banca Commerciale. Even if Cuccia never operated openly as a politician, his rank in the Action Party was "very high," according to Cesare Merzagora, himself a leader of the Action Party who would later be the most prominent person in the Liberal Party of Italy.

In 1944, when Mattioli was sent by Premier Ivanoe Bonomi of the interim government, to the United States, Cuccia went as Mattioli's aide, since he was the only one who knew Kennan. The mission was to discuss the issue of war reparations and credits for the reconstruction of postwar Italy. Cuccia was, since the very beginning, immersed in the U.S. financing for Italy's postwar reconstruction. The difference between Cuccia and Mattioli, writes Galli, based on interviews with their common friends, was that the latter was a traditional banker, who viewed money as an instrument to make investments in the real economy, whereas Cuccia always looked only at the abstract numbers: not as a banker, but as a pure financier.

The coup at the bank

Mediobanca was officially constituted in 1946: Cuccia was the director. Mattioli, who had planned the bank, came onto the board only several months after the constitution of the bank. The bank bylaws included the provision that Mediobanca could own and sell corporate shares—something no other Italian bank could do.

Ten years later, in 1956, Lehman Brothers and Lazard entered Mediobanca with a certain number of shares. Meyer joined the board. The bylaws of Mediobanca were changed to introduce a novelty: A "syndicate of control" was established (in fact constituted by Cuccia and Meyer and their allies), which de facto took away the control of the bank from its action holders: which were all state banks (Comit, Credito Italiano, and Banco di Roma). From that moment, Mediobanca, though officially still owned by the Italian state through the three state-owned banks, in reality was entirely independent and solely controlled by Cuccia and Meyer. In 1954, Cuccia had opened the first foreign operation of Mediobanca: in Monrovia, Liberia, an offshore market where the official currency is the U.S. dollar.

Though being a fully state-owned bank, from the very beginning Cuccia led Mediobanca, according to Galli, in permanent consultation with Meyer and excluding any political interference.

Slowly but steadily Cuccia worked through the years to build up around Mediobanca a network of financial participations which allowed him to control the largest part of the

big Italian corporations. As we already mentioned, his only real enemy was Mattei, the "Italian de Gaulle." After the death of Mattei, his successor in ENI was Eugenio Cefis, former Action Party member and close friend of Cuccia. Cefis was to "retire" several years later in Canada, fleeing from the Italian justice system after having accumulated, illegally, as Galli underlines, a personal capital of 100 billion liras. By comparison, Galli notes that ENI gave 54 million liras to Mattei's widow in grievance pay, when he died. This sheds light on the current propaganda which dominates the Italian political debate, according to which anything which is state-owned is corrupt, and anything which is private is neat and clean; reality is often quite the opposite. As testimony of an uninterrupted friendship, Cefis's son now sits on the board of Mediobanca.

Agnelli, Pirelli, Formenton, Pesenti, Gardini-Ferruzzi, De Benedetti, and, finally, also Berlusconi—all the leading capitalist families had to go through Mediobanca in order to settle their accounts, and Cuccia managed to keep them afloat, or to let sink those who did not want to accept his leadership.

The case of Michele Sindona

Galli establishes the point that in Italy there is no such thing as "Catholic finance" which, according to a widespread opinion, tried over the years to stand up to Cuccia. The best-known case of a financier who opposed Cuccia was that of Michele Sindona, who was personally entrusted by Pope Paul VI to handle some financial operations on behalf of the Vatican state:

Galli shows how Sindona, in fact, was nothing but a very capable financier, who set about getting into the milieu of Bishop Montini of Milan (later Pope Paul VI), through his personal activity and through family ties. Sindona operated by acquiring nearly bankrupt companies and, through financial operations and makeups, made them attractive enough to re-sell. He started his career in the 1940s as a speculator on the agricultural futures market, in Sicily, and continued in the '50s as a real estate speculator in Milan: He would buy farmland on which it was impossible to build, then arranged, through friends in the administration, for the property to be rezoned for building, thus driving up the land value. This is exactly the same kind of dynamic through which Silvio Berlusconi, thanks to his friendship with the Socialist administration controlled by Bettino Craxi, could build up his capital base between the end of the '60s and the beginning of the '70s. Sindona and Cuccia operated more or less in some sort of agreement for a while, during the '60s.

The conflict between Sindona and Cuccia emerged when Sindona wanted to buy, on behalf of the Swiss multinational Nestlé, the U.S. firm McNeill and Libby: Since the operation had to be done on the New York market, Cuccia advised him to go through Meyer. Yet Sindona wanted to operate

through Lehman Brothers. Meyer was offended, and in Paris, Lazard held a sort of trial against Sindona and determined that he should be ousted from the international financial community.

On the verge of bankruptcy, Sindona, according to Galli's account, threatened to kidnap Cuccia's daughter. Cuccia did not expose the threat to the magistracy, but rather met with Sindona, to come to an agreement. The end of Sindona is known: He went bankrupt and was finally poisoned while in prison in Italy. Similarly, Roberto Calvi, the president of Banco Ambrosiano and another enemy of Cuccia, found a strange death: hanged under Black Friars Bridge in London, after going bankrupt. Calvi, too, was meddling with Vatican finances. But there is no such thing as Catholic finance, warns Galli: There are only good or bad financiers, operating in a world where everybody is in continuous warfare against everyone else.

Galli's analysis indicates that Cuccia has always been more capable than his enemies in the financial world: He does not imply that Cuccia is necessarily more "clean," as it is shown, by his continued favor for fugitive Cefis. But Cuccia does not betray the friends who do not betray him, explains Galli.

Among the most widely known operations led by Cuccia are the participation of Qaddafi in FIAT, with a package varying around 15% of the shares of the Turin enterprise, a very big operation which helped keep FIAT afloat in the difficult years from 1975 on. In 1986, after the U.S. bombed Libya, Cuccia decided to distance himself from Qaddafi: he convinced Deutsche Bank to buy Qaddafi's shares; since then, Deutsche Bank has been operating in Italy.

Galli also points out that Cuccia is very agile at helping out Italian companies through foreign capital, and that he pays great attention to Lazard's interests in Italy. Yet, he does nothing to help Italian financial interests which try to operate abroad. The two examples which Galli points to are those of De Benedetti, who at the end of the '80s unsuccessfully tried to take over the Société Générale de Belgique, and Pirelli's unsuccessful takeover attempt of Continental in Germany.

The privatization wave

Mediobanca was privatized in 1989. The operation of privatization was led by Maccanico, the former secretary of Sandro Pertini, who was President of Italy in 1978-85. Maccanico, in his youth, had been an Action Party member, and President Pertini was said to be in the Giustizia e Libertà lodge, which may be the same masonic lodge in which, according to Galli's book, Cuccia is also a member.

The privatization of Mediobanca marked the beginning of the growing wave of privatizations which followed the fall of the Berlin Wall. This new wave allowed Cuccia to significantly increase his weight to the point of achieving total

hegemony in Italian finance. In and around his Mediobanca, rotate the biggest corporations in Italy, starting with FIAT and Montedison, Spergemina (the financial holding led by the Agnelli family), the groups Pesenti, Pirelli, Orlando, Olivetti, Ferruzzi, Ligresti. In banking and insurance, Cuccia's empire includes Assicurazioni Generali di Venezia (led by François Bernheim, Lazard partner and board member of Mediobanca), Alleanza, SAI, Toro, Banca Commerciale (recently privatized), Credito Italiano (remember, those banks used to be the owners of the state-controlled Mediobanca; now they are controlled by the private Mediobanca!), Credito Romagnolo, and, recently, the president of the Banca di Roma, Pellegrino Capaldo, was brought onto Mediobanca's board. Further, the German groups Commerzbank and Allianz have recently entered into partnerships with Mediobanca, while Deutsche Bank, through its participation in FIAT, has obvious connections to the Cuccia group. Galli foresees that soon Mediobanca might form a single group with Lazard through the mediation of Deutsche Bank. This operation would put Cuccia, according to Galli, at the same level as the most important international financiers.

The privatizations are Cuccia's triumph. The contrast has been between his method of privatizing by creating "syndicates of control," which holds the "control package" of the business, versus Prodi's policy to privatize through the "public company" system (wide, "popular" shareholders). Cuccia so far has won.

As Galli points out, Cuccia has always won. Recently Berlusconi, who remained somewhat outside the Mediobanca-led group, has become closer to Cuccia, since the Banca Commerciale has been overseeing Berlusconi's Fininvest shares allocations. And Lamberto Dini, the former director of the Bank of Italy who was always close to Andreotti (who, in turn, always opposed Cuccia), and who recently led the Italian government, according to Galli, "realized that, if he really wants to continue his political adventure" (Dini founded a new party which participates in the elections allied with the Progressive Democratic Party, PDS, formerly the Communist Party), he had better ally with Cuccia.

This is the conclusion of Galli's book: At the moment, there is no possible opposition to Cuccia. He represents Italian finance. Is this Cuccia's merit? asks Galli. There has been no one capable of resisting him or of operating better than he did, answers Galli, and at the political level, nobody ever tried to establish any policy that could actually challenge his.

That is, no one has challenged Cuccia's power since the courageous opposition by Enrico Mattei: The man who gave Italy nuclear energy; the man who made Italy energy-independent. Today, over 30 years after Mattei's death, the energy deficit is the major source of Italy's foreign deficit, with all its consequences for the national economy. *Il Padrone* Cuccia, whose interest never lay in the improvement of Italy's economy, now has a real empire.

'A permissible sort of extinction'

by Katharine Kanter

Histoire de l'Eugenisme en France (The History of Eugenics in France)

by Anne Carol

Seuil, Paris, 1995

396 pages, paperback, 190 FFr.

The author of this book holds a Ph.D. in history and teaches at the University of Aix en Provence; her study on eugenics in the French medical profession, though flabby in its conclusions, puts into the hands of the general reader original texts from the eighteenth century onwards, so unguarded in their contempt of man, that they are scarcely to be believed.

Busy as some people are these days bashing the Germans, they tend to put out of mind not only the existence of a powerful Fascist movement in England in the 1930s, led by cocktail party lion Oswald Mosley; they would prefer to overlook the fact, that Mosley's movement grew out of what has become, since the 1820s in both England and France, the predominating outlook among the upper classes: militantly anti-Christian, nihilist, and elitist, epitomized by Charles Darwin, his cousin Dr. Galton, and the Huxley family. Today, its chief political expression is monetarism, sometimes called "Thatcherism," which is none other but a rationalization for a religious belief in survival of the fittest. Central to its rites, is the rite of human sacrifice.

Origins of the eugenics movement

In pursuit, no doubt, of convergence with England on such matters theological and philosophical, French men of leisure and hobby philosophers plunged feet forwards into the spiritual desert left by the French Revolution. What took place, is precisely as John Stuart Mill prefigured it, in a letter dated 1841 to Auguste Comte: "Like you, I am quite of the opinion, that the combination of the French with the English spirit, is one of the most pressing needs of intellectual reorganization." Mill took over the Chair of Political Economy at Haileyburg College from Thomas Malthus and Adam Smith, while one of Comte's disciples, Clémence