

# Mussolini Program Was Model for Today's PPPs

by Claudio Celani

In 1922, as soon as he was installed as Italy's Fascist Prime Minister, Benito Mussolini adopted a scheme drafted by a group of Milanese industrialists for a concession to build the first Italian (and, it seems, European) highway, the Milano-Laghi, to connect the industrial cities of Milan, Varese, and Como. The concession was to last 50 years, after which the highway would be given to the state. The concession included the status of public interest for the work, so that land expropriations could be quickly (and, presumably, cheaply) made; it included a fund guaranteed by the state of up to one-third of the total cost, which the private investors were to be able to use in case they ran out of money; and, of course, a toll system to repay investment costs.

That scheme was to be applied to the construction of all highways under Mussolini, for a total of 479 km, which would be operative between 1924 and 1935, with some variations; for instance, for the 23 km-long Naples-Pompeii highway (1925-29), private investors spent double per kilometer as on the other highways, and received a fixed rate of interest from the state. The Venetians, for the Padova-Mestre highway, got one-third financing from local governments, and two-thirds from an agency formed by the same local governments and the state. For the Milano-Bergamo highway, the state put in two-thirds of the money.

The Fascist PPP (public-private partnership) model under Mussolini was based on the same hoax promoted today by Schwarzenegger-Bloomberg: The economy needs public infrastructure, but the state has no money. The private sector has the money, and investors are willing to take the risks to build such public infrastructure. Contrary to what Presi-



*Mussolini's corporativist road-building program was a farce, just like today's PPPs, promoted by modern-day fascists Michael Bloomberg and Arnie Schwarzenegger. Il Duce, shown here, in an Alfa Romeo race car.*

dent Franklin Roosevelt did with his massive public works projects, like the Tennessee Valley Authority, during the last Great Depression, Mussolini's program was not part of a general infrastructure-building and economic recovery plan, and could not be so, because the only thing that private investors were looking for, was to make a profit. Eventually, projections of highway traffic were revealed to be over-optimistic, so that profits failed to hit the mark. At that point, the state came in and bought back the infrastructure.

### **'Going Ahead Without Money'**

For example, the Milano-Laghi: The project was based on a projection of 1,000 automobiles travelling per day; as of Sept. 30, 1925, the number was 800 cars. In 1926, the annual traffic was 421,406 vehicles—still low. Consider that, in 1922, Italy had one car per 1,000 inhabitants, compared with the U.S.A., with 100 cars per 1,000 inhabitants. Under Mussolini, mass motorization never occurred. So, one by one, the PPP infrastructure projects were bought back by the state, as profits failed to meet demands of private owners. When, in 1933, the Milano-Laghi was taken over by the state, the condition of the highway was disastrous, due to the lack of investment in maintenance.

Starting in 1929, the investment policy was inverted: After the crash of the free-market economy, the private interests had no money, and the state had to bail them out. Mussolini then became a statist, in favor of "big government." As concerned roads, the government established a national corporation, the Azienda Autonoma Strade Statali, whose task was to maintain existing roads and build new ones. The AASS was a failure, because the Fascist government was unable to generate credit. In fact, from 1923 to 1938, with the exception of the new highways, the Italian national road network shrank, from from 20,622 to 20,324 km; provincial roads remained unchanged (42,578 km), and only communal roads rose from 106,800 to 110,280 km. Even the national roads, which were more modern, were not paved.

AASS was such a failure, that Italians called it *Andiamo Avanti Senza Soldi* (Going Ahead Without Money).

Ironically, from a technical standpoint, the first generation of Italian highways were well constructed, reflecting the high skill level of Italian engineering and of American machines! To pave with the Milano-Laghi with cement, engineer Piero Puricelli bought five large Koehring-Paving machines in the United States, able to produce 1,200 square meters of conglomerate per day. Also, due to the orography of the Italian territory, many bridges, viaducts, etc. had to be built. Had the highway program been part of an FDR-like general recovery plan, financed with public credit, it would have been successful. As a profit-maker, it was doomed to fail from the start.