

## CHAPTER 12

# Entangled Transitions: Trade Unions, Welfare Institutions, and Social Conflict in Post-War Italy, 1943–1948

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Italy's democratic transformation unfolded through a complex interplay of intentional reform and enduring institutional continuities. Efforts to reconstruct the political, economic and social order coexisted with the survival of administrative structures inherited from the previous regime. The re-emergence of party politics and the revitalisation of trade union activism generated both optimism and profound tensions concerning the reconfiguration of institutions after 1945.<sup>1</sup> Against this backdrop, this chapter examines administrative reform and the reorganisation of power within Italy's social institutions in the immediate post-war period, focusing on the INPS (National Institute for Social Security) from the fall of Fascism in 1943 to the consolidation of its governing structures in 1948. While a substantial body of scholarship has already addressed the broader construction of the post-war social protection system, studies specifically addressing the role of the INPS remain limited. Existing

research has often emphasised institutional continuity, whereas more recent work highlights the importance of questioning this continuity rather than focusing solely on its outcomes.<sup>2</sup> Building on this historiographical foundation, the contribution presented here considers the reformist ambitions of trade unions and other political actors who sought to redefine both the composition and the functions of the Institute in the contest of the Constitutional transition. While numerous institutional features endured beyond 1948, the overall process sprang from the interaction of multiple and often competing forces:<sup>3</sup> trade union aspirations to participate directly in the governance of the Institute;<sup>4</sup> the resistance of the *Democrazia Cristiana* (Christian Democracy, DC) to radical social reform;<sup>5</sup> and the commitment of Alcide De Gasperi to guarantee state continuity within the reconstruction process, while also ensuring the continued protection of selected elements inherited from the Liberal period.<sup>6</sup>

Drawing upon a range of primary and edited sources—such as documents from the INPS, trade unions and political institutions—the analysis presented here addresses two central research questions: What impact did the Second World War exert on the INPS? And. How did administrative functions and power relations evolve in its aftermath, particularly after 1945?

Established in 1933, the INPS administered almost the entire Italian pension system, with policies grounded in social insurance principles. From the mid-1920s onward, the Institute underwent several changes in its composition and scope. The fascist Regime reshaped the structures inherited from the Liberal period and intensified control over its operations and financial resources, especially during the 1930s.<sup>7</sup> After the regime's collapse, the INPS was first placed under a government-appointed commissioner, Ernesto Maria Romanelli, and later headed by Angelo Corsi, a Social Democrat member of Parliament.

In the immediate post-war years, reform of the Italian social protection system gained prominence, as various actors advocated both radical and incremental proposals. The more ambitious initiatives went beyond addressing wartime social emergencies—such as inflation, poverty, and assistance programmes, representing the 'demand side'—to include structural reorganisation of the institutional framework, or the 'supply side'.<sup>8</sup> Trade unions advocated the democratisation of the INPS's governance, calling for a workers' majority to serve in its governing bodies and influence the election of the president through the Board rather than by government appointment. These efforts met strong resistance from employers' organisations, the Christian Democrats' conservative stance on social policy, and broader opposition to union control over the pension system.

Although a partial rebalancing of the Board of Directors emerged, democratisation proceeded only gradually. The presidency remained a political appointment, and ministerial representatives—alongside the Board of Statutory Auditors—ensured continued strong governmental oversight. Overall, different political actors prioritised stability and the inclusion of diverse interests, favouring negotiated consensus over structural reform.<sup>9</sup> By exploring the INPS's development and the role played by trade unions during the Italian post-war period, this study adds knowledge to the historiography of the transition from Fascism to the Republic we know today. It also contributes to the broader debates regarding post-war Europe and the reconstruction and emergence of welfare institutions.

### **THE INPS WITHIN THE “DEMOCRATIC TURN”: AN OPEN (HISTORIOGRAPHICAL) PROBLEM**

The Second World War devastated Europe while also driving major institutional, political, economic, and social transformations. In Italy, it marked a decisive rupture, prompting a reconsideration of the state's organisation and its systems of social provision. The pre-war social protection system had developed in a fragmented and incremental way, excluding many workers from pensions and assistance. Under Fascism, authority was centralised and control exerted over institutions such as the INPS, whose structure and functions were significantly reshaped from their original 1919 framework. The war's social crisis exposed and intensified these structural weaknesses, leaving the system ill-equipped to meet post-war needs.<sup>10</sup> In this context, the social protection system became a focal point of inquiry and political debate, with growing advocacy for comprehensive and universal reform extending to the broader architecture of welfare state institutions.<sup>11</sup>

Alongside the acute social challenges and structural contradictions of the existing system, internal debates among experts, administrators, and trade union representatives fostered a degree of cautious optimism about reform. These discussions were partly informed by engagement with international models of social security, which provided a comparative framework for institutional innovation.<sup>12</sup> Moreover, the government of national unity, formed by the three main mass parties (Christian Democrats, Communists, and Socialists), appeared capable of overcoming entrenched political divisions and conservative resistance, creating favourable conditions for substantial social reform. Preliminary efforts to restructure the social protection system were undertaken between 1944 and 1945, but they failed to produce decisive results.<sup>13</sup> Subsequently, the government and Parliament revisited the issue, adopting a dual strategy. Urgent measures

addressed immediate post-war social needs, while more comprehensive reforms were developed within constitutional and legislative frameworks. Principles of social protection were enshrined in the Constitution, and a Committee for the Reform of Social Security, chaired by the Social Democrat Ludovico D'Aragona, was established to draft a systematic proposal. Its final report outlined an ambitious reform programme whose implications would resonate in the years that followed.<sup>14,15</sup>

The establishment of the Republic after the 1946 referendum marked a formal rupture of old continuities, alongside the election of the Constituent Assembly. Yet this break was accompanied by the persistence of deeply rooted elements within state structures, including bureaucratic apparatuses, administrative cultures, and institutional practices shaped by earlier regimes. Historical scholarly inquiry has increasingly emphasised the transition as a dynamic process, defined by the interplay between continuity and change rather than a simple moment of institutional replacement.<sup>16</sup> Adopting a historiographical approach attentive to these dynamics, rather than focusing solely on outcomes, allows for a more nuanced understanding of the period's political and social transformation. Recent debates on post-war Europe likewise stress the need for methodological renewal in order to grasp the development of European democracies after 1945. Instead of reducing needed analysis to binary narratives of continuity or rupture, scholars emphasise the importance of contingent challenges, institutional processes, and political conflicts in shaping democratic systems.<sup>17</sup> This perspective shifts attention from teleological accounts to the concrete institutional arenas in which reform was articulated and mediated. Although few studies focus specifically on the INPS in the immediate post-war years, analysis of its function in this period offers valuable insight into the Italian democratic transition, illuminating how reform was negotiated, contested, and constrained. Accordingly, this study does not attempt to reconstruct the understanding of the emergence of the welfare system as a whole but instead examines the political and economic dynamics shaping the reorganisation of the INPS during the transition from Fascism to the Republic. The incorporation of trade union forces into state structures, alongside the expansion of social policy, formed a key element of the broader project to democratise public institutions after 1945. In this context, analysing trade union efforts to influence and govern the social insurance system through the INPS provides a useful lens for assessing both ambitions for structural change and the countervailing pressures that shaped the Institute's development.

In the immediate post-war period, proposals to reform the INPS's administrative bodies were first advanced by the Socialist Minister of Labour, Gaetano Barbareschi. His initiative was examined by the Labour Commission of the Consulta Nazionale, a provisional consultative assembly (September 1945–June 1946), which supported a governing structure largely composed of workers' representatives.

However, the Labour and Social Protection Committee (IX) revised the proposal, strengthening ministerial oversight—particularly that of the Treasury—while rejecting the election of the President by the Board in favour of government appointment. During the subsequent period of administration by a government-appointed commissioner, the issue was also taken up by the Ministry for the Constituent Assembly, where support emerged for a more balanced, parity-based composition of the governing bodies. With the arrival of the Republic, governing coalitions—later led by the Christian Democrats (DC)—revisited the restructuring of social institutions. Their approach was corrective and incremental rather than transformative. The existing system, organised along professional categories, was largely preserved, with legislation addressing key deficiencies through supplementary laws and partial adjustments rather than through a comprehensive overhaul.

Within the trade union movement, significant voices called for full control of the Board of Directors by workers' representatives and for the election of the Institute's president. By contrast, the government maintained that the president should remain a political appointee. The outcome reflected a convergence of political factors: the priorities of the Christian Democrats and the relative weakness and divisions fraught within the trade unions;<sup>18</sup> and the resistance of employers' organisations to an expansion of labour influence. The resulting scheme (No. 436/1947) thus sought to balance social representation with institutional control, reflecting the broader tension between democratic participation and state management.

## **NEGOTIATING POWER AND REFORM: TRADE UNIONS, SOCIAL INSTITUTIONS, AND POST-WAR POLITICS**

In the immediate post-war years, the INPS became the focus of repeated efforts of institutional reorganisation. These were driven by the resurgence of trade unions—long marginalised under Fascism—the expanding debate on reforming Italy's social protection system, and the early political configuration of the governing coalition, which included Socialist and Communist representatives.

Together, these factors prompted a reassessment of both the Institute's functions and the composition of its governing bodies.

The earliest and most substantive discussions took place within the National Council. In this context, the Socialist Minister of Labour, Gaetano Barbareschi, proposed a democratic restructuring of the INPS, emphasising the workers' central role in decision-making: "... a predominance has been granted to the representatives of workers over those of employers [...] as workers have a more direct and immediate interest in the activities of the Institute."<sup>19</sup> The proposed reform recognised the workers' direct interest in administering social insurance funds.

Debates unfolding in mid-1940s periodicals reflected an increasing awareness of the structural weaknesses in the system. In a 1946 report in *Previdenza Sociale*, published by INPS, Giuseppe Santoro described social security legislation as fragmented and lacking coherence, and without a clear theoretical foundation. He emphasised the urgency of reform, but noted that it was hindered by the absence of stable principles which were necessary for a coherent and comprehensive overhaul.<sup>20</sup> The Atlantic Charter's (1941) call for "freedom from want" required a break with individualistic and corporative ways of thinking in favour of a universal welfare system. In this vein, Stefano Giua criticised: "... the persistence of traditional conceptions [...] inadequate to new social needs," arguing that the only way forward was to abandon the narrow contractual models which could overcome a system: "... based on a hybrid compromise between social solidarity and individualistic insurance principles."<sup>21</sup>

Reform thus signified not only administrative rationalisation but a rejection of fascist social legislation and a renewed commitment to redistributive justice. Giuseppe Orsini argued that existing insurance and welfare systems failed to meet workers' expectations of social security, as reflected in growing calls for reform. He linked financial constraints to inefficient resource distribution, but more fundamentally, to the continued influence of legislation originating from the fascist era. In his view, only a clear break with this backwards legacy could enable the creation of an institution capable of securing workers a dignified standard of living in times of crisis.<sup>22</sup>

The paralysis of the social insurance administrations after July 1943 compounded these structural flaws. Deprived of governing councils and managed by commissioners, they remained suspended in provisional arrangements. While commissioners—as Romanelli at the INPS—had ensured continuity throughout the wartime emergency, their persistence reflected political impasse over the institutional composition and presidential appointment.<sup>23</sup> As debates unfolded

within the governing coalition, the Barbareschi proposal was moderated. In the Consulta, Barbareschi defended the government's adoption of a "middle-ground solution": a balanced composition of the Institute's governing bodies alongside supervisory authority for the Ministry of the Treasury, justified by the financial importance of the INPS. He emphasised that the government's priority was to restore purposeful administration by ending the provisional commissioner system as quickly as possible.<sup>24</sup> The debate revealed sharply divergent positions. The endorsement for a worker-centred Board of Directors came from Giuseppe Rapelli, a Christian Democrat, who argued that social insurance funds belonged to workers and that industrialists therefore lacked legitimate grounds for direct administrative involvement. He subsequently qualified his position, conceding that employer's representatives might be acceptable in a strictly supervisory capacity, limited to one representative for industry and one for agriculture.<sup>25</sup> In contrast, Tito Pestellini, more aligned with employers' interests, forcefully opposed any imbalance in favour of workers and insisted on maintaining parity between workers and employers. He argued that recent amendments—particularly those expanding representation for agricultural workers—had placed employers at "a structural disadvantage". Given that employers' contributions constituted a part of production costs, they still possessed a legitimate right to oversee the proper administration of those funds.<sup>26</sup>

Eugenio Laricchiuta, a member of the reconstituted *Confederazione Generale Italiana del Lavoro* (CGIL), focused on safeguarding the Institute's autonomy. He proposed replacing government appointments with elected leadership to strengthen the INPS's technical and institutional independence. Specifically, he argued that the Council should elect its own President and two Vice-Presidents—representing workers and employers—and called for the exclusion of representatives from the Ministries of Labour and the Treasury from the Board of Directors. This institutional debate was closely linked to a constitutional question: whether the Ministry of the Treasury should exercise tutelary authority, enforcing hierarchical control, or be limited to function with supervisory oversight only.<sup>27</sup>

These deliberations reflected broader tensions within the post-war transition, including the restoration of internal democracy in social security institutions, demands for greater autonomy from political interference, and the challenge of balancing competing claims to representation among diverse social and economic groups. The debate over the INPS thus became a microcosm of the wider effort to redefine the relationship between state authority and organised interests in the emerging Republic.

Trade unions advocated a comprehensive reorganisation of the social protection system, particularly a workers' majority on the Board of Directors and the election of the President by the Board rather than government appointment. This position found some support within the political class, and elements of Gaetano Barbareschi's proposal reflected key union demands.

By contrast, Confindustria, the main confederation of industrial representatives, opposed sweeping reforms during the unstable republican transition. It argued that the role of government was to focus on urgent economic and social issues and defer fundamental pension reform to the Constituent Assembly. At the centre of the debate was the governance of social insurance institutions, especially representational parity. Confindustria's president, Angelo Costa, maintained that strict equality between employers and workers was essential to ensure impartial administration of funds and protect all parties' interests.<sup>28</sup> In the end, the prospect of a far-reaching structural overhaul of social security was deferred. Reform was made contingent upon future democratic deliberation, grounded in technical expertise and the attainment of broad political and social consensus.<sup>29</sup>

The question of administrative organisation within the social protection system re-emerged in the deliberations of the Ministry for the Constituent Assembly, notably through "Questionnaire P" prepared by the Committee for the Study of Labour Problems. With around 300 responses—from trade unions, employers' organisations, and Labour Offices and Inspectorates—it provided a broad empirical basis for assessing institutional models.

The debate revealed a clear preference for autonomous public bodies over direct control by the state or trade unions. While a broad consensus supported parity between workers and employers, views diverged on the extent of their role, ranging from direct active management to consultative functions. Proposals for exclusive state control or unilateral working-class governance were rejected outright. Overall, the discussions emphasised balancing social partner representation to ensure impartial and independent administration, in contrast to the centralised model imposed under the Fascist regime.

"An absolute majority opposes state management of social insurance and its administration by workers' unions. Instead, the prevailing view favours autonomous public institutions as the appropriate entities for managing social insurance [...]. The majority further maintains that the administration of the social insurance system should be based on the principle of equal representation between workers and employers. Opinions, however, diverge regarding the nature of this

participation: some support a supervisory role exercised through participation in the management bodies, while others would restrict such involvement to the board of statutory auditors. Nevertheless, even under the latter view, the participation of state representatives in boards of auditors must never be exclusive; it must always be complemented by representatives of the directly concerned categories – namely, workers and employers. [...]. Industrial representatives, moreover, firmly reject any proposal that would assign the administration of social security exclusively or predominately to the category of workers.”<sup>30</sup>

At the same time, although parts of the labour movement continued to advocate a stronger working-class presence within republican institutions, the prevailing approach to reform favoured the preservation and adjustment of existing structures rather than their wholesale transformation. The gradual moderation of Italy’s political framework thus constrained the prospects for radical renewal of the social protection system. Early signs of tension within the national unity coalition had already emerged by late 1946, even before Alcide De Gasperi’s trip to the United States.<sup>31</sup>

The socialist split of January 1947 further weakened governmental cohesion, while a deteriorating economic situation prompted deflationary policies that reversed earlier inflationary measures. On 25 September 1946, the Minister of the Treasury, Giovanni Battista Bertone (DC), outlined the government’s approach to restoring economic and monetary stability before the Constituent Assembly, presenting fiscal consolidation as a precondition for recovery: “... the state’s balance is in disarray: it must be settled [...] Financial disorder means general disorder [...] in the long run [...] a race towards the abyss. [...] Imperative [...] to reorganise the budget.”<sup>32</sup>

From the perspective of the DC, and of De Gasperi in particular, resolving tensions with the “fourth party”—the industrial representatives and associations—became an urgent priority in order to restore confidence amongst economic actors in both the Government and the DC.<sup>33</sup> Mounting domestic and international pressures led De Gasperi to form a centrist government that marginalised the left and favoured incremental reform over profound structural change. Social protection was gradually extended to new groups administered by INPS. A mid-1950s ministerial report noted that: “... compulsory insurance for invalidity, old age and survivors” had been repeatedly revised to update benefits eroded by inflation and “... to modify their structure [...] towards greater solidarity.”<sup>34</sup>

Within this framework, the trade union movement—particularly the CGIL—advanced alternative proposals for the Institute’s structure, outlining a reform trajectory by the late 1940s that would endure for decades. During the Constituent Assembly debates, Giuseppe Di Vittorio argued that: “... social security cannot be separated from solidarity among all workers [...] and only the State can provide for this.”<sup>35</sup> While acknowledging high administrative costs, he rejected the notion that inefficiency was inherent to the system’s public character, instead attributing it to bureaucratic and top-down management rather than originating in democratic control by workers. From this perspective, only democratic management with direct worker involvement could ensure both efficiency and equity when constructing social insurance schemes. In its communications with the Ministry of Labour, the CGIL called for a return to the original independence of democratic systems founded on the principle of responsibility. This vision included electing the President through the Board, guaranteeing the unconditional presence of workers’ representatives in governing bodies, granting the Board authority to appoint the General Director, and excluding ministerial officials from management, on the grounds that the Board of Statutory Auditors provided sufficient oversight.<sup>36</sup> Through these demands, the CGIL sought to consolidate a model of institutional autonomy and social representation that stood in contrast with the government’s preference for controlled continuity and moderated reform.

The Ministry of the Treasury rejected the trade unions’ proposals, arguing that the system’s fragile condition called for rapid administrative stabilisation rather than far-reaching reform. It supported employers’ demand for equal representation, which aligned with government priorities, and insisted that reorganisation efforts were to be carried out without delay.<sup>37</sup>

Government efforts to maintain oversight of the INPS’s finances took several forms. The Treasury’s General Director criticised its investment practices, and a request to ease restrictions on real estate and mortgage transactions was denied in order to avoid: “... undesirable repercussions [...] unfavourable to currency stability”.<sup>38</sup> Likewise, the General Accounting Office urged regulatory revisions that were in line with ministerial directives on subscribing to nine-year Treasury bonds of 1960.<sup>39</sup> Consequently, the labour movement’s calls for redefining core administrative principles were set aside, under pressure from employers seeking to preserve control over resources and representation. Government policy instead prioritised employment stabilisation and social peace through a mix of emergency measures and reforms in the long run.

Although policymakers acknowledged systemic weaknesses in the system, they rejected rapid reorganisation in favour of gradual consolidation. In his statements to the D’Aragona Committee, Alcide De Gasperi did not envisage comprehensive reform or link pensions to broader citizenship rights, but instead sought to rationalise the existing framework. Reform options were thus constrained from the outset by precarious public finances, with budgetary concerns limiting intervention and subordinating social policy in favour of fiscal stability.<sup>40</sup>

This orientation led to proposals advocating the removal of functions deemed extraneous to social security institutions, ensuring administrative coherence and efficiency. Revisions formalised by Legislative Decree No. 436 of 13 May 1947 reflected earlier reform efforts. While workers gained a majority on the Board of Directors, the Decree only partially amended Royal Decree-Law No. 1827/1935, and the Government retained control by retaining presidential appointment rights and ministerial oversight.

Despite increased worker participation, the executive branch maintained decisive influence. As the INPS grew in social and economic importance, successive reforms expanded its responsibilities and financial commitments, making its governance a recurring issue in political and trade union debates and underscoring its central role in Italy’s post-war development.

“It will almost certainly remain evident – and, I believe, generally agreed – that while social assistance should not be diminished but rather strengthened, the implementing bodies must be improved, simplified, accelerated, and streamlined, which ultimately entails a reduction in costs. [...]. Considering this genuine need, it is worth briefly noting that the role of this honourable Board of Directors could be rendered more effective by contributing its own insights and experience to the drafting of the very laws it is called upon to interpret and apply. Moreover, the powers and functions of both the Council and the President should be more clearly defined and expanded, so that they may adequately meet the requirements of effective and active governance.”<sup>41</sup>

The evolution of the INPS’s institutional structure must be seen within a broader political and social context. Efforts to reform the Institute’s governance were closely tied to limiting the influence of workers’ organisations over its management and the substantial financial resources found within. Pressure from employers’ representatives, aligned with government priorities, reinforced a principle of political balance, while the growing economic weight of the INPS highlights the close link between institutional change and wider political developments.

## **CONCLUSIONS**

The war profoundly impacted Italian society, economy, and political life, prompting a reappraisal of institutional structures and power relations. The transition from Fascism to the Republic introduced constitutional innovation, yet many traditional features persisted, particularly within the bureaucratic apparatus and administrative culture. This transformation was neither linear nor uniform, but a complex process in which impulses towards renewal coexisted with unmoving and enduring continuities.

In the case of INPS, revisions to the composition of its central administrative bodies, granting greater representation to workers, marked a departure from the corporative principle of parity. The restoration of civil and parliamentary liberties reopened questions of representation and institutional authority. Trade unions claimed social security as an exclusive workers' domain and demanded control over its governance, while employers defended equal representation. The resulting and finalised arrangements reflected a calibrated balance of forces, shaped by employer pressure and governmental directives to contain trade union influence and preserve political moderation.

These developments must be situated within the broader trajectory of the post-war democratisation process, a protracted and uneven procedure extending far beyond 1945. Governments consolidated INPS's role as an implementing agency of social policy, yet reforms remained incremental and sectoral. Coverage for the general public expanded, but the Institute's administrative structure was adapted rather than fundamentally transformed