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Big business as political actors: FIAT, SEAT and VAZ in nationalist economic contexts (1940–1973)

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ABSTRACT

This paper explores the interactions between big companies and authoritarian regimes operating under economic nationalism during periods of economic and political transition. Focusing on FIAT, SEAT and VAZ in the automotive industry, it shows how Spain and the USSR leveraged FIAT's technology to support national industrialisation through politically isolated periods. In the 1940s, economic nationalism evolved in Spain from private oligopolies to state-led industrialisation through public enterprises, while in the 1960s the USSR combined selective global engagement with Soviet ideology to achieve industrial objectives. FIAT's political capabilities allowed the company to navigate ideological divides, fostering influence in Cold War contexts. These cases highlight economic nationalism as an evolving, relational concept shaped by multinationals' strategic actions, offering insights on its evolution across different political landscapes.

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1. Introduction

In the mid-twentieth century, both Spain and the Soviet Union developed distinct yet comparable forms of economic nationalism. After the Spanish Civil War (1936–1939), Franco's regime pursued a model of autarky rooted in military nationalism and corporatist ideology, reinforced by diplomatic isolation due to its alignment with fascist powers during World War II (San Román, 1999). In the USSR, post-war isolation was shaped by Cold War tensions and ideological confrontation with the capitalist West (Sánchez-Sibony, 2014). In both cases, isolation did not imply disengagement but rather a controlled form of global interaction, an effort to obtain foreign technology and industrial knowledge without surrendering political autonomy.

Within this shared framework, industrial manufacturing emerged as a central instrument of national development. Governments promoted rapid industrialisation through state-led initiatives, particularly in the automotive sector. In Spain, this strategy culminated in the creation of SEAT (Sociedad Española de Automóviles de Turismo) in the late 1940s. In the

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USSR, a similar effort led to the foundation of VAZ (Vólzhski Avtomobilny Zavód) in the mid-1960s. These two decades were critical for the diffusion of Fordism in contexts antagonist to the USA hegemony, a process with roots in the 1930s (Link, 2022; Maier, 1987). In both cases, the regimes lacked the technological and organisational capacity to develop mass car production autonomously, and thus turned to FIAT, a leading Italian multinational, for support. The Spanish and Soviet governments alike encountered internal resistance from the inside – they needed to persuade local elites of the necessity of foreign technology and find ideological justification for it – while simultaneously contending with obstacles such as sanctions and embargoes.

The interaction between FIAT and SEAT as well as FIAT and VAZ allows us to explore how the same Multinational Corporation (MNC), headquartered in a capitalist country, dealt with two different and ideologically opposite state-controlled economies with forms of business organisation and governance distinct from those of capitalist systems (Scranton, 2020). These two alternative economic systems shared a common characteristic: profit was not necessarily the sole motive for business activity; ideology, and political legitimacy played a central role in managerial decisions aligning with state interests, while access to capital depended on political considerations (Gregory, 1990, 2003). Additionally, this analysis enables us to better understand how state bureaucracies in authoritarian states engaged with capitalist firms.

Within this unique context, any multinational seeking to act as a technological partner of authoritarian regimes had to behave not only as an economic actor that combined resources to produce and sell goods or services but also as a political actor, developing political capabilities, re-interpreting the rules of international trade and business at home and abroad (Coen, 1997; Fougère, 2011; Rasche, 2015; Scherer et al., 2014). Following Lubinski (2023), Hillman et al. (2004), Oliver and Holzinger (2008) and Zimmerman and Zeitz (2002), in this paper political capabilities are understood as a firm's strategic competences to interact with, adapt to, and influence political and bureaucratic institutions in host countries in ways that facilitate business operations, gain legitimacy, and align with nationalist goals. As we show through our research, these capabilities go beyond traditional lobbying or policy influence, encompassing rhetorical framing, coalition-building, informal networking with elites, and flexible organisational adaptation to ideological and institutional environments.

Indeed, while political capabilities are often studied in relation to multinationals operating in liberal democratic settings (Coen, 1997; Fougère, 2011; Scherer et al., 2014), scholars such as Guillén (2001) and Bull (2005) have emphasised that large domestic firms embedded in state-led or transitional economies often act as political agents, navigating institutional constraints and aligning with government agendas. This article contributes to that line of inquiry by offering a comparative analysis of FIAT's strategies in the creation of SEAT in the 1940s and VAZ in the 1960s. FIAT acted as a pragmatic intermediary – helping both governments mitigate international political isolation while pursuing its own long-term commercial objectives. The companies that emerged from these partnerships, SEAT and VAZ, became flagship symbols of their respective regimes: SEAT embodied Francoist industrialisation, while VAZ represented socialist mass motorisation (Shulzhenko, 2017; Zhuravlev, 2006). In this sense, the political capabilities developed and deployed by FIAT reveal the flexibility, ambiguity, and strategic adaptability required of firms engaging with economic nationalism – not as a barrier, but as a negotiated framework for internationalisation.

The relationship between these entities might also offer an opportunity to reconsider the very concept of economic nationalism. Spain in the 1940s and the USSR in the early

1960s applied a heterodox model of economic nationalism or, better, a model in evolution. In Spain, the nationalism of the 1940s emphasised state intervention in business as a constitutive element that had not been present in economic nationalism before the Civil War. In both the USSR and Spain, the concept of autarky was modified to accept foreign technological assistance, as opposed to the classical notion of autarky that implied total isolation from the outside. The effort of both regimes was to obtain technology and organisational knowledge without accepting the political rules of the capitalist economies.

This paper is structured in six sections. After the introduction, [Section 2](#) reviews the literature on economic nationalism and political capabilities. [Section 3](#) describes our sources and methodology. [Section 4](#) presents the case narratives. [Section 5](#) offers a comparative analysis of the political capabilities deployed by FIAT and the actor constellations that shaped them. [Section 6](#) summarises the main findings and concludes the paper.

2. Economic nationalism and political capabilities

Nationalism is not an objective phenomenon, but rather a social construct based on historical memory, cultural symbols, language, ethnicity, and religion (Anderson, 1983; Breuilly, 2013; Gellner, 1983; Hobsbawm, 1992). As Anderson (1983, p. 6) notes, nations and nationalism can be understood as ‘cultural artifacts of a particular kind’, and to fully grasp their significance, we must consider how they were formed, how their meanings have evolved, and why they command such strong emotional legitimacy today.

Historians have long recognised that nationalism cannot be understood solely as a set of economic policies (Bucheli & DeBerge, 2024). However, ‘economic nationalism’ is often used as a synonym for protectionism (Hodgson, 1933; Yarbrough & Yarbrough, 2006). This narrow interpretation is problematic because it reduces nationalism to a limited set of isolationist policies, often with ideological baggage that emphasises fascist or conservative versions of economic nationalism (Levi-Faur, 1997). Another misconception is to describe economic nationalism as nothing more than economic activities subordinated to state interests (Gilpin, 1987, 2001). This has led to the critique that economic nationalism research has so far described a form of ‘nationalism without nationalism’ and needs to reintroduce the nation into its analyses (Crane, 1998, p. 55; Nakano, 2007). Thus, it is relevant to recognise that nationalism is neither limited to official state policies nor adequately described as protectionism (Abdelal, 2001; Helleiner, 2002; Krampf, 2018; Pickel, 2005; Shulman, 2000). Nationalism encompasses a broader array of cultural and political expressions that influence both state and non-state actors, including enterprises, and continuously evolves.

The frequent limitation of nationalism to state policies in the research has resulted in an underexplored examination of the role of multinationals in economic nationalism. As Pryke (2012, p. 284) points out, ‘there is very little coverage of the role of private capital’, with scholars often assuming that states remain the key economic actors that promulgate national identity. This presents a great opportunity for business research, to shift attention to the interplay between foreign multinationals and public companies operating in nationalistic contexts. Following Lubinski (2023, p. 3), multinational companies have not only acted as drivers of globalisation, but also as ‘sophisticated operators in a world of nations, with more diverse and more refined approaches to nationalism than the literature in business history or strategy has so far acknowledged’.

Nevertheless, in recent years economic nationalism has attracted renewed interest in the international business literature (Basualdo et al., 2021; Rammal et al., 2022; Wu & Fan, 2023; Zhang & He, 2014). Scholars have increasingly expressed concern over the rise of economic nationalism as part of the backlash against globalisation (Buckley et al., 2017; Meyer & Li, 2022). As a result, some researchers have attempted to identify various non-market strategies used by multinational corporations to navigate the nationalistic environment of host countries (Curran & Eckhardt, 2020; De Villa, 2021; Rodgers et al., 2019). Among these strategies, Lubinski (2023) highlights the importance of developing political capabilities understood as the ability of firms to influence government policy in ways favourable to their interests (Hillman et al., 2004). These capabilities include activities such as building relationships with political actors, lobbying, forming coalitions, and participating in public policy forums (Oliver & Holzinger, 2008). Such activities are essential for firms to navigate non-market environments, especially political ones, and to gain legitimacy, access resources, and sustain growth (Zimmerman & Zeitz, 2002).

In nationalist contexts, political capabilities must be adapted to environments where national interests play a central role in government decision-making (Jakobsen & Jakobsen, 2011). Abdelal (2001) emphasises that economic nationalism can represent both a risk and an opportunity for businesses. On one hand, nationalist policies may restrict access to certain markets, but on the other hand, companies that successfully align their strategies with nationalist goals may gain a competitive advantage. Therefore, for multinationals, the key lies in developing political capabilities that allow them to align with nationalist objectives, gaining both legitimacy and government support (Breuilly, 2013).

Recent studies by Alam et al. (2023) and Sojli and Tham (2017) suggest that firms can legitimise their operations in host countries, and mitigate the risks of hostile government actions, by engaging with influential members of the domestic elite. In the context of deglobalisation and the rise of neo-populism, Blake et al. (2024) argues that building ties with the ruling class offers short-term protection, though more longitudinal research is needed to assess the long-term effectiveness of these relationships. Meanwhile, Lubinski and Wadhvani (2020, p. 402) refers to a strategy named 'geopolitical jockeying', where firms cultivate alliances with key host-country stakeholders while delegitimising their rivals. This involves adopting 'aspirational political practices' that address the inherently future or goal-oriented character of nationalism in the host country.

Despite the contributions of these studies, the way in which firms adapt or even shape nationalism remains largely unknown (Lubinski, 2023). To fill this gap, more research is needed in international business strategy to analyse how companies engage with the historical dimensions of nationalism (Lubinski & Wadhvani, 2020).

Following Scranton (2020) and Scranton and Fridenson (2013), global business history research should also consider alternative economic systems and extend the analysis beyond traditional capitalist paradigms. In addition, a historical perspective can provide valuable insights into the challenges firms face in adapting to nationalist environments, especially given the fluctuations that economic nationalism has experienced throughout the twentieth century (Ghemawat & Jones, 2017; Jones, 2005).

In this sense, business historical studies such as Donzé and Kurosawa (2013), Forbes et al. (2019) and Kurosawa et al. (2020) reflect that the way nationalism has influenced international business dynamics has been strongly conditioned by context, requiring further

research to explore it. Moreover, understanding the evolution of nationalist narratives and their influence on business strategy can help firms better adapt to a rapidly changing global environment (Bucheli & DeBerge, 2024), especially given the similarities between the mid-twentieth century backlash against globalisation and the post-2008 financial crisis era (Jones & Lopes, 2021).

3. Sources and methodology

This paper employs a qualitative methodology, aligning with our focus on exploring ‘how’ questions rather than simply addressing ‘what’ (Yin, 1998). The approach is particularly well-suited to research where the organisational context is recognised as a critical factor (Reay, 2014). Qualitative research also provides mechanisms for generating richer, more dynamic theoretical insights (Hoang & Antoncic, 2003). The qualitative analysis in this paper is based on two case studies –the establishment of SEAT and VAZ– that involve our three primary actors –FIAT, SEAT, VAZ–. Although the multi-case study method may not produce standardised results, it proves highly valuable when the cases are particularly representative of the research objectives (Yin, 2013), as is the case with the selected companies, which are central players in their respective national automotive industries. Furthermore, case studies facilitate theory development by enabling an in-depth exploration of empirical phenomena within their specific contexts (Cappelli & Sherer, 1991; Dubois & Gadde, 2002).

Our empirical research draws on an extensive collection of written sources from three countries. Table 1 presents the primary sources used in this study. In Spain, the archives of the Instituto Nacional de Industria (INI) – the state-owned industrial holding company established in 1941 to promote and coordinate industrial development under Franco’s regime – and the personal archives of Juan Antonio Suanzes, the first president of the INI, contain detailed records of the discussions that led to the creation of SEAT. FIAT historical archives provide documentation on the strategic, technical, and organisational details of the construction of the VAZ while the Mediobanca historical archives ‘Vincenzo Maranghi’ provide information about the financial context of FIAT investments in the USSR. On the Russian side, documentation concerning the VAZ is kept at the Department of Archives of the Togliatti City Hall, in Togliatti. In addition, relevant documentation concerning the resolutions of the Council of Ministers of the USSR and the Praesidium of the Communist Party of the Soviet Union (CPSU) Central Committee concerning the economic cooperation between Italy and the USSR, between 1953 and 1970, was published by Russian State Archive of Contemporary History as a collection of original documents in both Russian and Italian (Bettanin et al., 2019). A rich literature, mainly in Italian, has also explored the role of *Ente Nazionale Idrocarburi* (ENI) and *Istituto Mobiliare Italiano* (IMI) and provided the broader political and business context in which the agreement developed (Bagnato, 2003; Cantoni, 2017; Fava, 2018, 2019; Salacone, 2017; Sbrana, 2006, 2017).

4. Building the modern automotive industry of Spain and the USSR

4.1. FIAT process of internationalisation

As noted in the existing literature, the automobile industry was inherently international (Bardou et al., 1982; Volpato, 1999). As early as the 1910s, and even more so in the years after

Table 1. Main primary sources.

SEAT
INI Archive
'Project for the Creation of an Automobile Factory in Spain'. Unique Files, 243, exp. 1-2-4.
'Declaration of National Interest'. SEAT files, 355, exp. 3-9.
'Draft Decree Declaring SIAT Industry of National Interest'. Unique Files, 243, exp. 1-2-6.
'Manufacture of Utility Vehicles. Mr. Ocharán on 5-03-1942'. Unique Files, 243, exp. 1-2-10.
'Utility Car Manufacturing: Suanzes' Study'. Unique Files, 243, exp. 1-1-3.
'Assistance Agreement between Banco Urquijo and FIAT'. SEAT files, 355, exp. 23-1.
'The INI Presidency submits for approval the agreements signed between INI, Banco Urquijo, and FIAT for the manufacture of utility vehicles'. SEAT files, 355, exp. 23-15.
'Decree of 7-06-1949 on the creation of a joint venture in Barcelona for the construction of utility vehicles'. SEAT files, 355 exp. 1-2.
Suanzes Archive
'Reasons for my resignation' (10-01-44). File 2796.
'Return to INI' (02-02-44). File 2794.
Historic Press
<i>ABC Newspaper</i> (1949)
VAZ
Russian State Archive of Contemporary History
'The CPSU and Soviet-Italian Relations in 1953–1970'. Original documents compiled by Bettanin, F., Dzhalilov, T., Prozumenshchikov, M., & Rokkucci, A. (2019).
'Presidency of the CPSU Central Committee, 1954-1964'. Minutes summarised of the sessions. Transcripts. Resolutions. Vol. 2: Resolutions. 1954-1958.
'Italconsult Mission in URSS, from November 10 th to 24 th , 1961'. ASF, USSR, 27.
'Minutes of meetings, State Labour and Wages Committee of the USSR, Council of Ministers, 19 November 1961'. ASF, USSR, 27.
'Memorandum of Technical and Scientific Cooperation, 1 July 1965'. ASF, USSR, 54.
'General Agreement between FIAT and the Soviet Ministries, 4 May 1966'. ASF, USSR, 54.
Mediobanca Archive
'Meeting between Enrico Cuccia and Vnestorgbank, 1964'. MBCA, 11.
'Call between Vittorio Valletta and Enrico Cuccia, 1966'. MBCA, 16.
'Meeting between Guido Carli and Enrico Cuccia, 1966'. MBCA, 17.
'Correspondence between Gianni Agnelli and Piero Savoretti, 1973'. MBCA, 21.
'Correspondence between Enrico Cuccia and Piero Savoretti, 1975'. MBCA, 22.
Tolyatti Archives
'For the production of passenger cars in the city of Togliatti'. Fund R-352, 1-2.
Historic Press
<i>Socialist Industry</i> (1973)
<i>Pravda</i> (1973)
Source: Own elaboration.

World War I, major American and European car manufacturers developed extensive commercial networks and foreign subsidiaries (Bonin et al., 2003). FIAT, founded in Turin in 1899, was no exception: internationalisation soon became a compelling choice and a core pillar of its growth strategy (Bigazzi, 1991; Casalino, 2010; Volpato, 1999).

From the 1910s to the late 1940s, FIAT operated in a national context marked by a limited domestic market and fiscal policies that discouraged car ownership and motorisation. In this environment, foreign markets became essential for reaching the production volumes needed to industrialise automobile manufacturing, achieve economies of scale, and adopt Fordist organisational and technical innovations. These structural constraints explain why FIAT invested heavily in developing critical product and process technologies, as well as political capabilities, to support its international operations for over fifty years.

This effort resulted in the creation, by the early 1920s, of a significant international network with over 2,000 distributors and dealers across Europe and Latin America. The company's exports made up about 65% of its total output. Towards the close of the decade, it had entered into numerous licencing agreements with foreign companies and established foreign subsidiaries in many countries across Europe and beyond (Volpato, 1986, pp. 186-187). By 1929, FIAT accounted for 43% of Italy's total car exports, and Italy ranked as the sixth-largest exporter globally after the U.S., Canada, the UK, France, and Germany (Bigazzi, 1991; Volpato, 1999).

During the 1930s, the rise of economic nationalism and protectionism severely impacted FIAT's export-led strategy. This was further compounded by deflationary monetary policies and the autarkic stance of the Fascist regime (Castronovo, 1999). While certain competitors, including Renault, opted to retreat to the domestic market (Fernández de Sevilla, 2016; Fridenson, 1972), FIAT adopted a contrasting strategy. The company implemented a systematic approach to export promotion, allocating resources to the establishment of joint ventures or foreign-based assembly and manufacturing facilities. Compared to its European and American counterparts, FIAT demonstrated a noteworthy flexibility in adapting its internationalisation and product strategies to the characteristics of target markets. Unlike many of its competitors, it was often willing to enter joint ventures with minority equity stakes or limited managerial control – as evidenced by its involvement with NSU (1929), Polski-FIAT (1932), and SIMCA in 1934 (Freyssenet, 1998; Laux, 1992; Loubet, 2000).

This strategic adaptability was supported by a dedicated Economic and Statistical Office within its commercial division. The main role of this office was to identify influence zones and adjust expansion strategies based on the political and economic contexts of both the target country and the international environment. The office performed detailed analyses of national economic, political, and infrastructural conditions. The firm's careful observation of international markets included demand profiling and segmentation (Casalino & Fava, 2001). A review of the office's documents shows that, while FIAT's main focus in the 1920s was on creating a varied product range tailored to different export markets, by the mid-1930s, the company – similar to several British and German manufacturers – shifted towards specialising in lightweight, low-cost vehicles, as the Balilla (1932) and the Topolino (1936) and reoriented towards under-motorised politically friendly states. This positioning endowed the company with process and product expertise well-suited to the Italian context and to countries at the early stages of motorisation.

FIAT's strategy, based on specialisation in low market segments and utilising exports and international activities to compensate for a slowly growing domestic market, remained broadly consistent in the post-war years, during the presidency of Vittorio Valletta (1946–1966). Even as Italy's domestic market gained strategic importance, FIAT rebuilt its foreign presence, relying on underpriced exports to support production volumes and privileging contractual forms – licences, technical assistance, engineering services – over direct investment. The aim was to leverage Italian comparative advantages – engineering a mass-produced, low-priced car model – in countries where FIAT's expertise could ensure a dominant technical role while containing financial and political risk. This logic became even more relevant in the 1960s, when European competitors intensified their internationalisation efforts, and FIAT's specialisation in lower-market segments began to expose it in the domestic market and limit its competitiveness in more advanced foreign markets (Casalino, 2010).

Spain and USSR played key roles in FIAT's internationalisation strategy in the 1940s and 1960s (Bigazzi, 1991; Tappi, 2008; Volpato, 1999). FIAT's presence in both countries dates back to the late 1920s and early 1930s. As early as the 1910s, FIAT products were being imported into the Soviet Union, with FIAT machinery accounting for 19.1% of the overall imports of the USSR from Italy and Spain being the third export market for FIAT automobiles in 1929 (Casalino & Fava, 2001, p. 61). In both cases, trade and patent transfers provided the background for developing closer collaboration. In 1930, FIAT, in cooperation with Hispano-Suiza, re-equipped the Guadalajara (Spain) factory to assemble 200-300 cars per year. In 1931, FIAT through RIV- Officine Meccaniche, a company controlled by the Agnelli family, signed a contract with the Soviets to build a ball-bearing factory in Ukraine (Castronovo, 1999, p. 450). Ugo Gobbato, one of the key FIAT engineers, was in charge of both projects. Political events, the Spanish Civil War, and Stalinist purges forced FIAT to withdraw its technicians and abandon its ambitions in both Spain and the USSR; nevertheless, immediately after World War II, FIAT came back to charge.

In the 1940s and late 1950s, FIAT identified both Spain and the Soviet Union as under-motorised and under-unionised markets, making them ideal targets for its products and engineering services (Fava, 2019; Volpato, 1999). FIAT possessed the expertise and strategic connections needed to capitalise on these opportunities because of its experience with the Italian motorisation and the construction of the Mirafiori plant in 1939. At the time of their renewed engagement with FIAT, both Spain and the USSR were politically isolated and in need of a foreign partner with advanced technical and organisational knowledge in automotive mass production. However, there were significant differences in the 'quality' of political isolation of the two countries and FIAT's interest. [Appendix 1](#) presents a chronological timeline that situates the case studies within broader international, national, and business developments, clarifying the sequence of events.

4.2. SEAT: the symbol of Francoist industrialisation

After the Spanish Civil War (1936–1939), Franco's regime was structured around various ideological 'families' with conflicting economic visions (Tusell, 1995). All shared a strong nationalist conviction, defended private property, and sought accelerated industrialisation. Yet they diverged in their methods: while entrepreneurs like Demetrio Carceller (Minister of Industry and Trade, 1939–1945) favoured private initiative, the military, represented by Juan Antonio Suanzes – Minister in 1938-1939 and again from 1945 to 1951, and first president of the INI (Ballester, 1993) – advocated for state intervention and autarky. The creation of SEAT highlights the tensions between these factions and the eventual dominance of the military's interventionist vision over private-sector advocates during the 1940s (Miguélez Lobo, 1977; San Román, 1995, 1999).

SEAT's origins date back to June 1940, when Banco Urquijo – a leading private industrial bank rooted in Spain's family-based capitalist elite (Puig & Torres, 2005) – began negotiations with FIAT to create a car company in Spain: *Sociedad Ibérica de Automóviles de Turismo* (SIAT). FIAT was a suitable partner given Spain's political alignment with the Axis powers during World War II (San Román, 1995).

After a year of negotiations, FIAT and Banco Urquijo submitted their proposal to the Ministry of Industry and Trade, seeking recognition as an industry of 'national interest' to manufacture the FIAT 1100 in Bilbao. This designation granted legal privileges such as tax

breaks and import authorizations. Despite some favourable reports, the proposal was rejected.

In the 1940s, interlocking directorates were common among private banks and industrial firms, with executives from institutions like Banco Urquijo holding seats across multiple boards. Yet relations between the private sector and the state were marked by deep mistrust. Banco Urquijo's direct negotiations with FIAT – without consulting the INI – exemplified this tension and led the Institute to take over the project, sidelining the bank.

According to Suanzes' personal archive, Minister Carceller surprisingly supported greater state intervention in the new company, reportedly telling him he 'preferred the intervention of the Institute to be totalitarian, at least in the initial stages.' The INI took over negotiations with FIAT, sidelined Banco Urquijo – now a minority partner – and continued talks until 1943.

Although FIAT preferred to negotiate with Banco Urquijo, it did not object to the INI's involvement and engaged seriously in renegotiating the agreement. A key point of friction was ownership: the INI demanded a 60% majority, while FIAT proposed a 51% Spanish share to secure the maximum control allowed under the 1939 Spanish law, which required new firms to have 75% national capital and a Spanish manager. Yet this was not merely a matter of negotiation tactics. Spanish law prohibited foreign majority ownership in strategic sectors, reflecting the regime's nationalist economic doctrine and its aim to keep essential industries under national control.

For Francoist authorities, the nationality of capital was a key political and regulatory issue. Even ownership by friendly powers like Fascist Italy was seen as a threat to sovereignty and autarky. Internal INI reports described Banco Urquijo's role in SIAT as 'so decisive and so beyond any state control' that it risked sidelining the state in a matter of national defence.

In the 1940s, under Franco, private banks like Banco Urquijo could propose industrial projects but lacked real autonomy in strategic sectors. Government approval alone was not enough; alignment with state priorities was essential, and major initiatives required the oversight – or leadership – of the INI. This episode also revealed internal fractures within the regime. Although FIAT and the INI had reached an agreement by mid-1943, the government rejected the project, officially citing wartime costs and the priority of building a truck factory. Suanzes, however, saw the veto as a direct attack from the Ministry of Industry and Trade, and especially from Carceller, who sought to 'submit INI's actions to the will of the minister, trying a whole series of systems, from the softest to the most coercive'. At the heart of the conflict was an ideological divide: Carceller, a proponent of private initiative and economic liberalism, clashed with Suanzes's vision of state-led industrial modernisation.

Frustrated by the project's rejection, Suanzes resigned as INI president in July 1943, but returned in February 1944 at Franco's request. After World War II, Franco reshaped his government to adapt to a changing international context. As part of a broader strategy to strengthen state-led industrial development through the INI, he appointed Suanzes as Minister of Industry and Commerce in 1945. Suanzes held the post until 1951 while continuing to lead the INI, placing him in a strong position to implement his vision for the Spanish automobile industry.

Towards the end of World War II, the INI expressed to FIAT its intention to resume negotiations on the automobile industry. Nevertheless, FIAT bypassed the Institute and resumed talks with Banco Urquijo. In June 1947, both reached a new agreement to establish a car company in Spain and again sought government approval. As expected, the Ministry of Industry and Trade denied the request, arguing that the proposed production would 'absorb

the national market's capacity' and that entrusting it to the private sector would entail 'a privilege and a monopoly'. The Ministry concluded that, 'given the nature and magnitude of the issue, [Banco Urquijo] should coordinate with the INI'. The Treasury Inspector at the INI objected, noting the existence of 'a private initiative', but to no avail: the Institute again took over the project and forced Banco Urquijo into a minority stake. The bank later demanded compensation 'for relinquishing the opportunity to undertake an activity for which it had even secured an agreement with FIAT'.

The SEAT project was approved on June 7, 1949, and formally established in May 1950 with a capital of 300 million pesetas. Its shareholding was distributed among the INI (51%), FIAT (7%), Banco Urquijo (7%), and five major Spanish banks (7% each). Based in Barcelona, SEAT planned to produce two models under Italian licence: the FIAT 1100 and FIAT 1400. Two days after the company's approval, Franco delivered a speech contrasting three worldviews: 'The capitalist way, which reserves all the advantages for itself and lives off the exploitation of the worker; the Marxist system (a voice: 'never!') ... and a third which is that of the Spanish National Movement (a voice: 'that's right!')'. The speech reaffirmed the regime's rejection of liberalisation. Suanzes echoed this position the next day, declaring that 'Spain steadfastly follows its path and the fundamental points of its economic program'.

The approval of SEAT reflected the state-controlled, interventionist strategy promoted by Suanzes and the military vision that dominated the 1940s. As minister, Suanzes opposed authorising any rival car factories. FIAT capitalised on Spain's post-war isolation to become the first foreign firm in the country's car industry, securing a privileged position through its partnership with the state-owned INI (San Román, 1995, 1999). In return, it helped establish the regime's model company – one that allowed private initiative but prioritised state leadership in line with Francoist nationalism.

The Cold War prompted a shift in Western attitudes towards strategically important regimes like Franco's Spain. In 1950, the UN lifted sanctions, and the U.S. approved its first economic aid. As the regime moved away from the militarised nationalism of the 1940s – and following a change of government that saw Suanzes leave the ministry but remain at the helm of the INI – the Spanish economy began transitioning towards a market-oriented model, with growing space for private initiative and foreign capital. Permits for new carmakers like Fasa-Renault (1951) and Citroën Hispania (1956) followed, but FIAT had secured the pioneer's advantage.

4.3. VAZ: a factory at the crossroads

The years of Kosygin's reforms, from 1964 to 1969, which were crucial for the VAZ negotiations, also played a critical role in shaping the evolution of the Soviet economic system, as Kosygin – then chairman of the Council of Ministers – promoted technological modernisation and limited East–West economic engagement.

This period witnessed a significant clash of visions among Soviet economists regarding the future direction of the planned economy and the integration of private consumption within the framework of Soviet communism (Feygin, 2024). Building the VAZ did not mean only acquiring foreign licences. The key challenge lay in justifying the allocation of state resources to purchase licences for an automobile plant aimed at mass-producing personal cars, as this meant diverting resources from capital-intensive industries. The decision to

invest in the automotive sector and utilise foreign technology emerged from a long negotiation process involving different factions within the Soviet economic bureaucracy.

In Italy, between 1958 and 1968, Amintore Fanfani – an influential Christian Democrat who served several terms as Prime Minister – shaped the country's foreign policy through his neo-Atlanticist approach, leaving a clear imprint on Italian-Soviet relations. This strategy aimed to preserve Italian national interests and increase Italy's influence within the North Atlantic Treaty Organisation by positioning the country as a regional power and mediator between East and West (Bagnato, 2003; Nuti, 2011). The implications of this strategy for economic relations with the USSR were carefully monitored both by the Italian business community, which sought access to the Soviet market for technology and raw materials and by Soviet officials, who saw economic cooperation as a means of gaining political leverage over Italian governments (Salacone, 2017, p. 34). It was in this context that the conditions for the FIAT-Soviet agreement to build the VAZ plant matured.

FIAT's first technical missions to the USSR date back to 1955 and focused mainly on the potential supply of capital goods. In 1956, on the instructions of the USSR's Council of Ministers, the Ministry of Trade consulted FIAT on the possibility of obtaining a licence for the FIAT 600 model and technical assistance for the construction of a new car plant. However, the Soviets soon abandoned the project as they considered it inappropriate to produce cars using foreign technology (Siegelbaum, 2008). In 1958, the signing of the first Italo-Soviet commercial agreement, ratified in 1962, led to a significant increase in exchanges between Italy and the USSR, paving the way for agreements involving ENI and other Italian companies such as Pirelli, Olivetti, Innocenti, and Ansaldo (Bagnato, 2003; Bini, 2017; Cantoni, 2017), and from that point onward ENI signed several 'barter' agreements with Soyuznefteexport, the Soviet state monopoly responsible for oil exports (Bini, 2017).

In this context, FIAT managers explored potential deals to supply the USSR with gas pipeline turbines, marine engines, and tractors. As a result, in October 1960, a FIAT delegation, including Dante Giacosa, the company's chief designer, visited several industrial plants in the Soviet Union (Bassignana, 2000). During this visit, Dzhermen Gvishiani, deputy chairman of the Soviet State Committee for Science and Technology (GKNT) since 1965 and Kosygin's son-in-law, suggested possible cooperation in automotive production (Rindzeviciute, 2016). In 1961, another prominent FIAT executive, Aurelio Peccei – founder of Italconsult (1957) and later the Club of Rome (1965) – led a delegation from Italconsult, an engineering company in which FIAT held 12% of the capital, on a tour of various Soviet plants. FIAT president Vittorio Valletta met the following year with Nikita Khrushchev, resulting in plans for FIAT-Soviet cooperation to build a tractor plant (Castronovo, 1999). This meeting was followed by further missions, with Soviet experts visiting Italy and Italian experts visiting the USSR.

However, it was not until September 1965, when Aleksei Kosygin became chairman of the USSR Council of Ministers, that the Soviet attitude towards the use of foreign licences for car production and the promotion of private car ownership became more favourable (Siegelbaum, 2008). In the same year, Dante Giacosa was invited to Moscow to outline technical cooperation with FIAT, this time focusing on a car plant (Bassignana, 2000). In the summer of 1965, a memorandum of understanding was signed between FIAT and GKNT, but the VAZ agreement was not finalised until 4 May 1966. Between 1966 and 1971, FIAT provided licences, part of the equipment, and technical assistance to produce an adapted version of the 124 model in a newly built factory, the VAZ (Fava, 2019; Siegelbaum, 2008).

The negotiations were protracted and remained uncertain until the actual construction of the plant, 1969-1971.

Reaching an agreement was complicated not only by political but also by technical issues. To convince both the Soviet and Italian elites of the feasibility and necessity of the VAZ deal and to ensure that FIAT was the right capitalist company for the job, FIAT management and its Soviet counterpart had to operate on several levels. These included a political and rhetorical approach that presented the deal as a peace initiative within the neo-Atlanticist framework, a strategic approach to reducing the practical obstacles to doing business across the Iron Curtain, and the willingness to adapt process and product technology to Soviet requirements.

The main problem was that the Soviet market for technology was quite competitive, and many European companies were interested in doing business with the USSR, whose demand for high-end equipment – and reputation as a reliable debtor – made it an attractive partner. In addition, companies had to navigate the centralised and bureaucratic nature of the planned economy, including its informal rules and the arbitrary nature of political power. There were also international export controls, and the currency was not convertible. FIAT's success in signing the VAZ deal can be attributed to its ability to exploit favourable political circumstances and coordinate with other Italian companies to provide the Soviets with practical solutions to the technical and financial barriers to Italian-Soviet trade.

Until the end of the 1960s, FIAT's negotiations with Soviet officials were part of a larger scheme. Several Italian companies, mainly in the engineering sector, negotiated jointly in the Soviet 'market' to gain a competitive advantage over other European competitors. By linking one offer to another and offering a wide range of products, the Italian companies reduced transaction costs and overcame the challenge of absorbing countertrade goods. This strategy was in line with Soviet ambitions (Bagnato, 2003, p. 131; Cantoni, 2017). In fact, the USSR wanted to increase its exports not only of raw materials but also of low-quality machinery and manufactured goods, which Italian companies found difficult to use – a pattern linked, as Sánchez-Sibony (2023) suggests, to Soviet oil-for-technology exchanges, though Italian evidence shows that firms like FIAT acted with significant independence.

The challenges of fostering cooperation between two different economic systems were manifold: one of the main problems was to develop financial relations that went beyond the terms of normal commercial transactions and entered the realm of medium- and long-term operations. FIAT thoroughly monitored the relationship between the State Bank for Foreign Trade (Vneshtorgbank) and major Italian financial institutions such as Mediobanca – specialised in financing and advising Italian industries – and IMI, which provided long-term credit for key public and semi-public projects (Sbrana, 2017). Both IMI and Mediobanca were involved in discussions with the Soviets on this topic, but it was the state-owned IMI that, in the end, for political reasons, provided the credits for the VAZ (Sbrana, 2006).

Yet from 1962 onwards, an intense correspondence between the director of Vneshtorgbank and Enrico Cuccia, the founder and first president of Mediobanca, revolved around the possibilities of financial cooperation aimed at providing the Soviets with the necessary instruments to alleviate the restrictions imposed by countertrade on the expansion of Soviet trade with the Common Market. The first draft of a very ambitious project was drawn up in 1964, but negotiations took years because of the 'formal and substantive complexity of our problems and their political implications', as Cuccia wrote in 1964. FIAT was not directly involved in this project, but Gianni Agnelli, FIAT's president since 1966, was kept informed about Mediobanca's contacts with the Soviets by Piero Savoretti, FIAT agent in USSR, who was in friendly terms with the Governor of the Bank of Italy, Guido Carli.

Through Savoretti, FIAT provided itself with the network it needed to finalise the agreement, both in Italy and in the USSR. In the competitive but non-market Soviet business environment, Savoretti's role was to help companies navigate the informal rules of the administrative command economy. His company, Novasider, represented also other Italian companies such as Chatilllon, Pirelli, and Olivetti, and structured its commercial operations not only around sales transactions but also around 'cooperation and collaboration agreements involving the most qualified of the major industrial groups, as well as the highest political and financial circles in Italy'; thus aligning itself with Soviet preferences and explicitly supporting Soviet reformists – a strategy Savoretti later described in a 1973 letter outlining his coordination of a 'front line' of Italian firms (Savoretti, 2000).

Savoretti was a former member of the Communist Party, well-connected with both Italian centre-left ministers and Communists, enjoying incredible privileges in the USSR. He was close to Gvishiani and other Soviet officials, with whom he was very generous and from whom he received key information which he selectively passed to FIAT. According to FIAT documents, Savoretti designed and facilitated every negotiation between FIAT and the Soviets until the early 1980s, he dictated *verbatim* every transaction, advising FIAT not only on how to manage negotiations – what to offer, how, and when – but also on the rhetoric 'chords' to strike to win the favour and support of the reformist faction of the Soviet bureaucracy, which opposed the conservative Kremlin 'curia' and advocated increased consumption and the acquisition of foreign technology (Fava, 2018).

Ideology played a role too. Industrial cooperation with the Soviets allowed part of the Italian business elites, including FIAT's president Vittorio Valletta, to realise a certain vision of the role of business in Italy's modernisation and to act as 'political actors not only in Italy but also in international relations, thereby enhancing the role of Italian industry worldwide', aligning their companies' interests with those of the state (Amatori, 2008, p. 458). FIAT top management shared with Soviet reformists the faith in technical expertise and industrial automation as the main tools for increasing productivity and providing citizens with a higher standard of living (Feygin, 2024; Rindzeviciute, 2016).

The VAZ agreement marked a victory for Kosygin's reformist agenda, which was based not only on peaceful competition between the communist system and capitalism but also on the availability of consumer goods, and the relevance of technical expertise for the future of the Soviet economy and society (Feygin, 2024). Under Savoretti's guidance, FIAT capitalised on the network of relations built because of the 1958 commercial agreement. It wisely exploited the Soviet struggle over the future of communism, proposing itself as an ally, offering expertise, knowledge, and modern automated machinery to the Soviet Union and its Technical Scientific Revolution. On December 22, 1973, the newspaper 'Socialist Industry' and 'Pravda' presented VAZ as the 'bearer of advanced achievements of the scientific-technical Revolution' and as a 'shining proof of the inexhaustible possibilities of the socialist system of automatic management'.

5. Navigating nationalist regimes through political capabilities

This paper explores how a single multinational company – FIAT – was able to operate successfully in two ideologically antagonistic, state-controlled economies during the mid-twentieth century. It argues that FIAT's success in both Francoist Spain and the Soviet Union depended not only on its technological assets, but on its political capabilities – strategic competences tailored to each national context. These capabilities, however, did not operate

in a vacuum: they were activated in relation to specific constellations of actors. [Table 2](#) and [Figure 1](#) provide a comparative map of the actor coalitions and political capabilities FIAT mobilised in each case.

Among these capabilities, rhetorical framing was central. In Spain, SEAT was presented as a project of national defense, aligning with Suanzes's vision of autarkic industrialisation. In the USSR, FIAT positioned VAZ as part of a peaceful, science-driven modernisation effort, consistent with the reformist agenda of Kosygin and Gvishiani. This strategic use of language

Table 2. Key actors in the SEAT (Spain, 1940s) and VAZ (USSR, 1960s) projects.

Type of actor	Spain – SEAT (1940s)	USSR – VAZ (1960s)	FIAT (as MNC actor in both cases)
Multinational	FIAT: Foreign technology company providing industrial know-how to enter a closed market.	FIAT: Provider of licences, technology, and technical assistance. No equity participation in VAZ.	Vittorio Valletta (President until 1966), Gianni Agnelli (President from 1966), Dante Giacosa (Chief Designer 1930s-1960s), Ugo Gobbato (1930s project manager). Core technical and strategic team within FIAT.
State Promoting Institution	INI (Juan Antonio Suanzes): Advocate of state-led industrialisation. Led SEAT's creation with public majority ownership.	GKNT (Dzhermen Gvishiani): Soviet Committee on Science and Technology. Supported selective technical cooperation with Western firms.	Collaboration with IMI and Mediobanca , under tacit coordination with Italian diplomatic and industrial policy. Italian Embassy in Moscow , ambassadors Luca Pietromarchi (1958–61) and Federico Sensi (1964–68).
Government / Political Leadership	Franco's Government: Approved and promoted SEAT as a symbol of national autarky. Appointed Suanzes as Minister (1945–51).	Council of Ministers (Aleksei Kosygin): Promoted moderate reforms and supported VAZ as part of a new consumer-oriented vision.	FIAT aligned with Italian Cold War diplomacy. Amintore Fanfani's neo-Atlanticist foreign policy (1958–68) supported Italy's role as mediator between East and West. Maintained indirect contact with Nikita Khrushchev (Valletta meeting in 1962).
Rival Actor / Internal Resistance	Ministry of Industry (Demetrio Carceller): Opposed INI's leading role; defended private initiative and Banco Urquijo's involvement.	Conservative sector of the CPSU ('Kremlin clerics'): Resisted capitalist technology. Opposed reformist consumption-oriented industrial policy.	FIAT navigated these domestic rivalries by adapting rhetoric and ownership structures. It used connection with the US Administration. Used flexibility to overcome ideological barriers.
Financial / Support Actor	Banco Urquijo: Private bank that initially promoted the SIAT project. Later sidelined in favour of state-led SEAT.	Mediobanca (Enrico Cuccia) and IMI: Designed financial tools suited to countertrade and Soviet constraints.	Piero Savoretti kept FIAT informed of finance negotiations. Guido Carli (Bank of Italy) also advised indirectly. Coordination with Italian financial ecosystem. Italconsult (esp. Aurelio Peccei): Acted as institutional gatekeeper and technical facilitator in early missions.
Informal Intermediary / Gatekeeper	Banco Urquijo: Acted as early negotiator and conduit between Spanish private capital and FIAT.	Piero Savoretti / Novasider: Businessman with strong personal and ideological ties to Soviet reformists. Represented other Italian firms (Chatillon, Pirelli, Olivetti).	Savoretti: key agent in the USSR, structured deals, advised on rhetoric, and mediated institutional trust. Italconsult: Provided a neutral technical front and helped cultivate legitimacy with Soviet elites.

Source: Own elaboration.

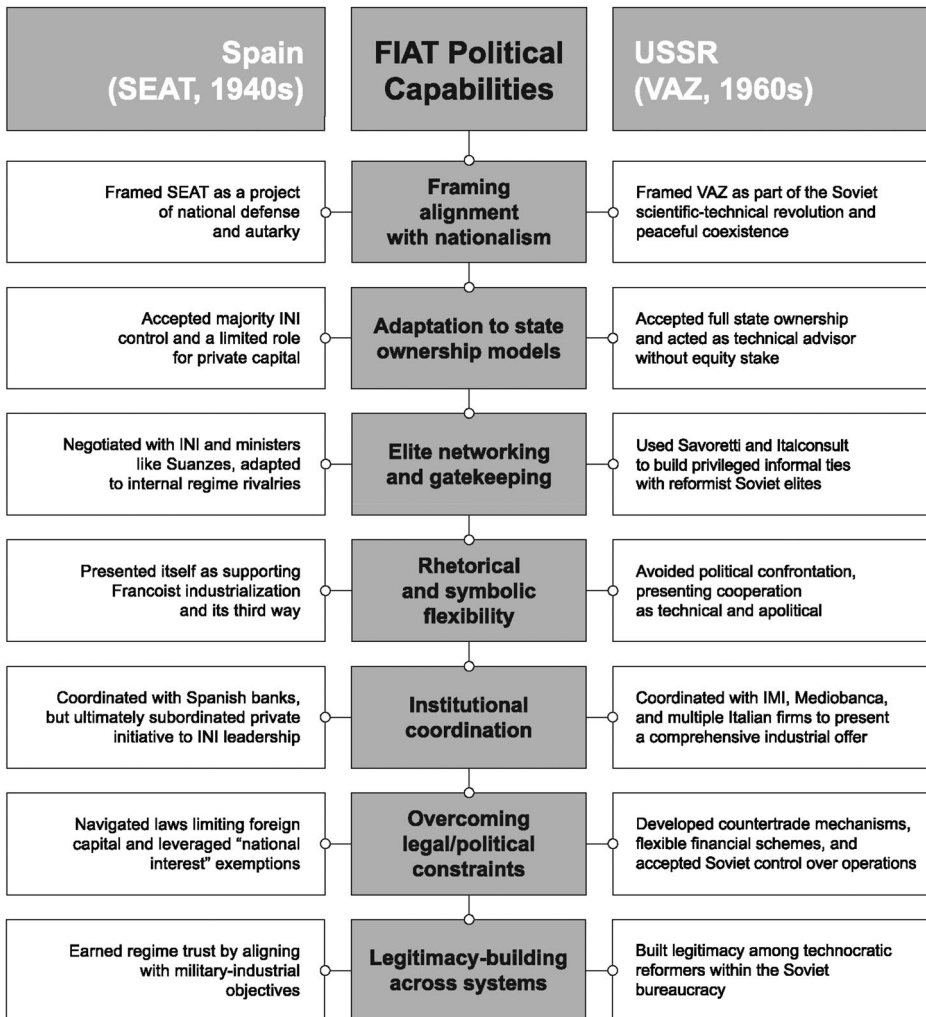


Figure 1. Comparative political capabilities of FIAT in authoritarian contexts: the cases of Spain (SEAT, 1940s) and the USSR (VAZ, 1960s).

Source: Own elaboration.

allowed the firm to embed itself in divergent nationalist narratives without challenging state ideology.

FIAT's relational strategies also adjusted to each political system. In Spain, the company transitioned from initial talks with Banco Urquijo – a private actor with industrial ambitions – to a subordinate role within a state-led project dominated by the INI. This required adapting to a centralised, hierarchical planning model. In the Soviet Union, access depended on informal channels, most notably through Piero Savoretti and Italconsult, who helped FIAT navigate the opaque and factionalised Soviet bureaucracy. These actors not only facilitated technical cooperation but also enabled the company to interpret and adapt to the unwritten norms of the planned economy.

Institutional coordination further illustrates the adaptability of FIAT's political capabilities. In Spain, the firm accepted minority ownership under INI leadership and relied on national

interest exemptions to bypass restrictions on foreign capital. In the USSR, it built a coalition with Italian banks and firms – IMI, Mediobanca, Italconsult – to design integrated solutions suited to countertrade constraints, non-convertible currency, and the absence of market pricing. These arrangements were not just pragmatic responses; they signalled FIAT's willingness to align with nationalist priorities.

Beyond technical and financial adaptation, FIAT succeeded in building legitimacy by anticipating the expectations of political and bureaucratic elites. This required a deep understanding of the political stakes of industrialisation in each regime and a capacity to reshape the company's identity and rhetoric accordingly. In doing so, FIAT acted not merely as a foreign investor, but as an institutional entrepreneur embedded in two evolving political economies.

These political capabilities were shaped and enabled by specific actor constellations. In Spain, the key promoter was the INI under Suanzes, who sidelined Banco Urquijo – the initial private partner – as part of a broader intra-regime struggle between state-led and liberal economic visions. In the USSR, the State Committee on Science and Technology (GKNT) served as main institutional interlocutor, with support from Kosygin's reformist faction. Here, informal access played a decisive role: Savoretti's position as a politically connected broker allowed FIAT to bypass rigid hierarchies and embed itself in reformist agendas – something not possible in Spain's more stable, state-mediated setting. Rival actors also shaped each case: Carceller's ministry in Spain and the Kremlin 'curia' in the USSR resisted cooperation, prompting FIAT to deploy tailored strategies – rhetorical alignment in the former, informal brokerage in the latter.

6. Conclusions: rethinking economic nationalism through political capabilities

The comparative analysis of SEAT and VAZ shows that FIAT's success under authoritarian regimes was not just a matter of strategic adaptability, but also an opportunity to reconsider the very meaning of economic nationalism. Traditionally associated with protectionism or autarky, economic nationalism has often been framed as an obstacle to international business. However, our study shows that in mid-twentieth century Spain and the USSR, nationalism was not synonymous with closure. Rather, it involved a controlled openness – an effort to absorb foreign technology and knowledge without surrendering political autonomy. In both regimes, autarky did not mean isolation, but a selective engagement with global resources aligned with national priorities.

In the second half of the twentieth century, Spanish economic nationalism shifted from autarky and protectionism towards a model centred on rapid industrialisation through public enterprises. Since the late nineteenth century, it had relied on an oligopolistic private sector financed by national capital, shaped by delayed industrialisation and dependence on foreign investment. After the Civil War, however, nationalism became 'militarized': national defense was invoked to legitimise a new model based on state ownership, marking a rupture with earlier traditions and generating conflict with private capital (San Román, 2000). The nationality of capital, once the defining criterion, was replaced by an emphasis on ownership and control – culminating in a vision where large state-owned enterprises embodied national sovereignty.

The Soviet Union followed a different but equally dynamic path. While the Bolshevik Revolution led to the nationalisation of all foreign assets, foreign capital remained essential. Under the NEP (1920-1926), Lenin promoted re-engagement with the liberal world economy and technology transfer through foreign concessions. Although foreign direct investment was banned, foreign technology played a vital role in the First Five-Year Plan (1928-1932) and continued through agreements in the 1930s. This trajectory was disrupted between 1935 and 1952 by Stalin's policies and economic warfare which hampered relations between the USSR and foreign firms. After World War II, the USSR relied mainly on lend-lease agreements and reparations. It was only with the 'peaceful coexistence' policy and the Khrushchev-Brezhnev reforms (1953-1970) that international economic ties were revitalised.

Recent literature revises the traditional view of Soviet autarky as driven solely by ideological rigidity and Stalinist isolationism. Sánchez-Sibony (2014) shows that, especially after World War II, the USSR actively engaged with global markets in ways that served domestic objectives. This selective and pragmatic openness reframes autarky as a strategic choice rather than strict isolation, highlighting a pragmatic balance between self-sufficiency and international trade opportunities.

Soviet engagement with global markets never meant relinquishing political autonomy or altering the command economy; rather, it aimed to secure critical resources – especially technology – for industrial and military purposes. However, structural rigidities within the Soviet system, beyond mere geopolitical tensions, severely limited trade and integration with the West. Overcoming these barriers required a joint learning process between Soviet and Italian actors to identify suitable financial and organisational arrangements, resulting in protracted negotiations over form, coordination, financing, and implementation.

Similar to the USSR, Francoist Spain understood autarky as a selective openness to the outside world rather than an absolute isolation. This controlled openness aimed to advance the objectives of economic policy and, as in the Soviet case, it neither undermined the regime nor indicated any intention of doing so (Barrera & San Román, 2000; Gómez Mendoza, 2000). In Spain, the critical issue was the ownership of the capital, in the USSR, the main problem was to envision a way to pay for foreign technology creating the background for an increase of trade which could surpass the possibilities of the compensation agreement and be more reliable in the future. In both Spanish and Soviet cases, FIAT positioned itself as an actor capable of helping to build a framework to overcome these practical obstacles. Playing the game of both regimes, it acted as an intermediary between different economic systems. In doing so, the firm demonstrated specific political capabilities necessary to navigate both scenarios effectively leveraging different political contexts (Bucheli & Salvaj, 2018; Jones & Lubinski, 2012; Lubinski & Wadhvani, 2020).

In both Spain and the Soviet Union, FIAT played a central role in designing new modes of collaboration between multinational firms and authoritarian states. By providing technology and technical assistance to establish SEAT and VAZ – state-controlled firms that embodied each regime's nationalist ambitions – FIAT positioned itself not merely as a supplier, but as a co-author of projects with deep political symbolism. Through framing, rhetorical flexibility, and institutional coordination, the company embedded its business strategy in local narratives of sovereignty, economic renewal, and ideological legitimacy. These efforts aligned not only with host-country goals, but also with Italian foreign policy interests, particularly in the Cold War context, where economic ties with the USSR served broader diplomatic objectives. This ability to identify and act upon political openings – whether by

leveraging Spain's diplomatic isolation in the 1940s or the USSR's reformist ambitions in the 1960s – underscores FIAT's behaviour as an opportunistic player in a fragmented international landscape. The resulting triangulation between states and business actors fostered national automotive sectors in Spain and the USSR, while strengthening Italy's geopolitical presence.

FIAT's ability to navigate these spaces reflects what Lubinski and Wadhvani (2020) define as *aspirational political practices* and *geopolitical jockeying*. However, unlike the adversarial framing suggested by these authors – where firms seek to delegitimise rivals – FIAT adopted a constructive stance. It asserted itself as a peacebuilder and modernising partner, offering pragmatic solutions to internal political tensions and technological gaps. In doing so, it built enduring networks with local elites, crafted new institutional arrangements, and even contributed to the creation of technical vocabularies and collaborative routines. These political capabilities – developed across diverse coalitions of actors – allowed FIAT to operate in high-risk contexts with limited competition, while also managing ideological frictions. In Spain, it yielded to the INI's leadership despite private sector resistance; in the USSR, it adapted its technology and discourse to satisfy reformist elites while sidestepping conservative opposition.

FIAT's strategic behaviour was also shaped by its own institutional background. As Holburn and Zelner (2010) suggest, firms from less developed institutional environments often develop enhanced abilities to operate under uncertainty. FIAT, forged in the context of Italian corporatism, had already managed the first phase of national motorisation and operated effectively within hybrid systems. This experience enabled it to respond flexibly to the constraints of Francoist Spain and the Soviet command economy. Its ambiguous yet effective agent, Novasider, exemplifies this capacity to operate within both political and business hierarchies. Ultimately, FIAT's engagement with these authoritarian regimes illuminates how multinationals can leverage actor networks and political competences to turn nationalist frameworks – often viewed as barriers – into platforms for institutional innovation and market access.

These findings support Lubinski's (2023) call to redefine economic nationalism through a relational lens – one that recognises multinationals not as passive recipients of policy, but as co-architects of nationalist economic strategies. Variations in economic nationalism are not only geographic or ideological, but also historical and actor-driven, evolving within countries through interactions between state and business. Extending the analysis beyond the interwar period allows for a richer understanding of how nationalist frameworks adapt over time and under different political regimes.

While this paper has focused on FIAT, the dynamics observed invite broader comparisons. Other European firms operated across Cold War divides in sectors beyond the automotive industry, and the USSR was only one of several possible partners. Recent research on Yugoslavia, East Germany, and the Council for Mutual Economic Assistance reveals the fragility of the so-called socialist bloc and the role of nationalism in its fragmentation. There remains significant potential for business history to explore how firms engaged with nationalism along Europe's eastern borders.

Finally, the contrasting post-1973 trajectories of Spain and the USSR highlight the long-term consequences of institutional choices. Spain gradually abandoned autarky, embraced export-led growth, and became a global automotive power. The Soviet car industry, by contrast, remained confined to a protected market and fell behind. This divergence

underscores the importance of multinational-state collaboration – but also of the institutional flexibility required to sustain it.

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Generative artificial intelligence (AI)

This paper has benefitted from the use of ChatGPT as a language-editing tool. Given that the authors are not native English speakers, the AI was used exclusively to improve clarity and grammar.

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