

How successful were Mussolini's economic policies?

At one time or another Mussolini probably plastered all his key economic policies in slogans on walls! You can see some possible ones below, conjuring up images of great successes. This chapter investigates the truth behind the slogans. What were Mussolini's economic objectives? How did he try to achieve them? How close did he come to success? And did he make the Italian people better off?

■ Activity

Opposite you can see some of Mussolini's key economic claims.

- Try to explain in your own words what each of them might mean.
- As you work through this chapter keep a note of evidence that will help you decide whether each slogan was based on reality or was simply propaganda.

**A GREAT COUNTRY,
A GREAT LIRA.**

**WORLD
SLUMP?
NOT
HERE.**

**BUY ITALIAN.
ITALY CAN
PROVIDE FOR ALL
YOUR NEEDS.**

**THE CORPORATIVE STATE,
ONE PROSPEROUS,
UNITED FAMILY.**

**Italy: Strong
at Work,
Strong in
War.**

CHART 7A CHAPTER OVERVIEW

7 How successful were Mussolini's economic policies?

- A** The truth behind the slogans – an overview of Mussolini's economic policies (pp. 126–27)
- B** Early economic policies (p. 128)
- C** How successful were Mussolini's economic battles? (pp. 128–29)
- D** Key areas of the economy (pp. 130–31)
- E** How effective was Mussolini's policy of self-sufficiency? (pp. 132–33)
- F** How well did Fascist Italy ride out the Great Depression? (p. 134)
- G** Corporativism: 'new way' or 'elaborate fraud'? (pp. 135–40)
- H** How big a part did the state play in the Italian economy? (p. 141)
- I** Were Italians better off under Fascism? (pp. 142–47)
- J** Review: How successful were Mussolini's economic policies? (pp. 148–49)

A The truth behind the slogans – an overview of Mussolini's economic policies

Unless you are one of the lucky few who can master the intricacies of economics you will probably find this a challenging area. Mussolini himself had no real understanding of or interest in economics, but he did understand the importance of a strong economy in consolidating his regime and making Italy great.

Activity

First let us try to understand what we mean by a strong economy, and how people are affected by economics.

- 1 What features do contemporary governments highlight when they talk about a successful economy?
- 2 What might prevent particular countries from developing a strong economy?
- 3 What might the people in the following groups want from the Italian economy?
 - a) Make a list of groups and write next to each one the letter(s) of their chief wishes from the economy.
 - b) Identify and briefly explain three features that might be desired by some groups and disliked by others.

Social group

- Workers
- Industrialists
- Landowners
- Public officials
- Peasants

Concerns

- a) Secure jobs
- b) Growing markets
- c) Low taxes
- d) Large civil service
- e) Good standard of living
- f) LAISSEZ FAIRE
- g) High import duties
- h) Decent working conditions
- i) Controlled workforce
- j) Low inflation
- k) Increased ownership of land
- l) High food prices
- m) Good state welfare schemes

- 4 Would all the people within each group have the same economic interests? How might their interests differ?
- 5 Study the following evidence in this introduction to the Fascist economy. Make two initial lists, one of apparent economic successes, the other of failures.

CHART 7B Overview of the Fascist economy

A Aims

- To consolidate the political system
- To make Italy economically self-sufficient
- To provide the economic base for military might

B Mussolini's economic inheritance

- Very limited raw materials (see page 12)
- Industrialising North with modernising agriculture; more backward South, with large estates and mass poverty
- Tradition of close industry–banks–state links
- Limited literacy

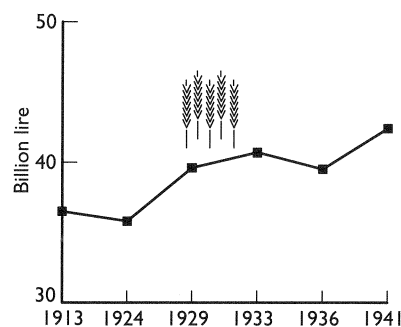
C Key economic periods

- 1 **1922 onwards.** Economic recovery in Italy. Mussolini coming into office with no specific programme pursues traditional LIBERAL economic policies of lowering inflation, and limited government intervention.
- 2 **1927 onwards.** Economy begins to weaken. Some of the pain is self-inflicted due to problems caused by the overvaluation of the lira.
- 3 **1929 onwards.** Italy is hit by the Great Depression. Mussolini responds with growing government intervention to bail out industrialists. Efforts are made to establish the distinctly Fascist Corporative State.
- 4 **1936 onwards.** The economy is increasingly harmed by the stress on AUTARKY and the needs of war.

D Key figures on the Fascist economy

I Agricultural production

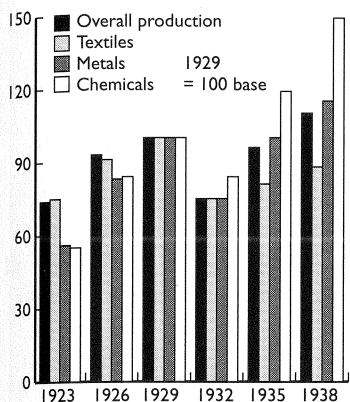
- Value (in constant prices) of sold agricultural produce



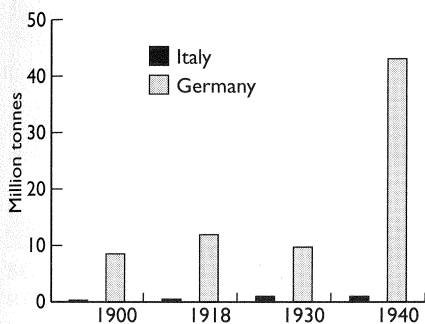
- Wheat production up 100% 1922–39
- Wheat imports fell by 75% 1925–35

2 Industrial production

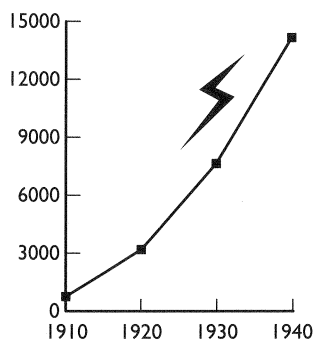
- 1929-39 industrial production increased by 15%, lower rate than in other W. European countries
- By 1939 industry (34%) had overtaken agriculture (29%) as proportion of GNP (Gross National Product)



• Pig iron output



• Annual production of electricity (in million kilowatt hours)

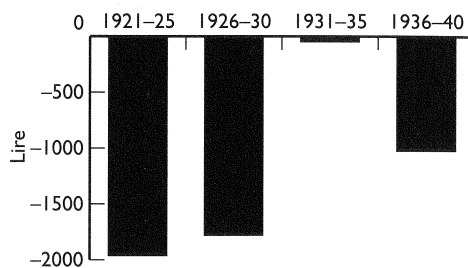


• Per capita growth rates % per year

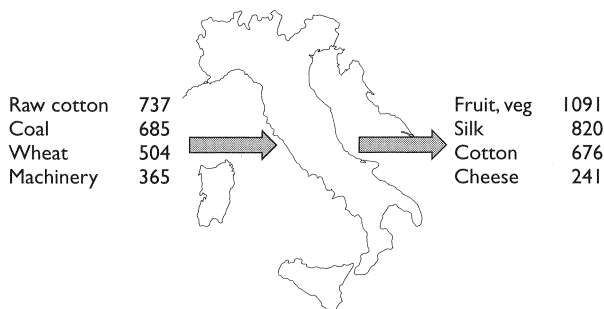
	1897-1913	1922-38
Italy	2.7	1.9
Germany	2.6	3.8
UK	1.9	2.2
W. Europe average	2.1	2.5

3 Trade

- Balance of payments

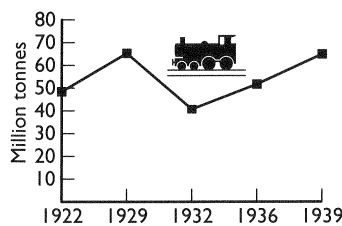


- Main Italian imports and exports, 1933 (million lire)



4 Transport

- Railways electrified
 - 1927 14%
 - 1939 31%
- Freight traffic on the railways

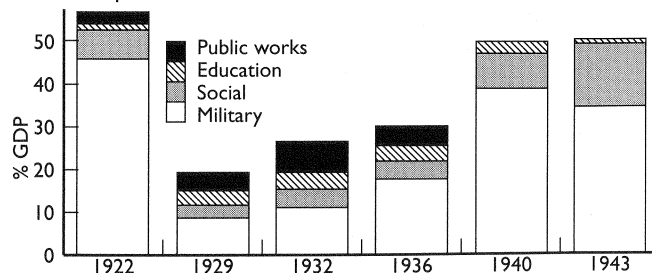


• Autostrada

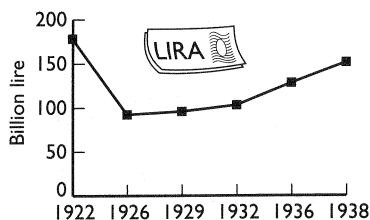
- 500km built by 1940
- Only 290,000 cars on road by 1939

5 Government finances

- Public expenditure 1922-43



- Public debt



FOCUS ROUTE

- 1 Note down the main aims of each battle. Summarise the degree of success of each.
- 2 Which battle/s could be summarised as:
 - a) a prestige success but economically harmful
 - b) a propaganda success, which failed to really tackle the problem?

Talking point

Several government policies were called battles. Why do you think this was?

Activity

You are a radio journalist reporting for the BBC on Mussolini's economic policies. Prepare a five-minute talk on how successfully Mussolini has fought his economic battles and list the questions you propose to ask him if you are granted an interview.

B Early economic policies

Mussolini was initially fortunate. In the early years of Fascism the economy improved for a variety of reasons:

- A general European economic recovery
- Laissez-faire policies favouring industry
- The ending of the threat of SOCIALIST revolution, which increased the confidence of the economic ELITE
- The weakening of trade unions

Mussolini appointed de Stefani, an Economics professor, as his Economics Minister. He adopted Liberal policies, reducing government intervention in the economy, and trying to stimulate investment. Public spending was reduced, and efforts were made to balance the budget. Taxes on war profits were reduced or abolished. Industrialists were pleased with these actions.

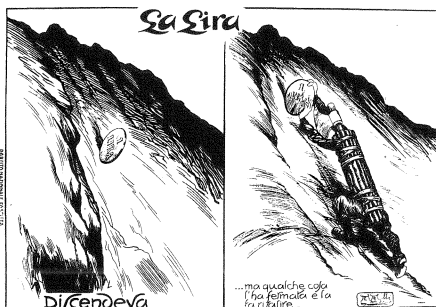
Mussolini knew the economy was significant for his longer-term ambitions. The question was, should he continue with these policies, or follow the RADICAL Fascists, who wanted a major reorganisation of the economy, along SYNDICALIST lines? The creation of the one-party state after 1925 seemed to offer a new opportunity. However, when he dismissed de Stefani in 1925, Mussolini did not turn to the radicals but replaced him with the industrialist and financier Count Volpi. The DUCE later claimed that new economic structures were established in his state, but in practice CONFINDUSTRIA ensured that industry's interests were largely safeguarded.

C How successful were Mussolini's economic battles?

How were Mussolini's economic objectives to be met? Certainly not by the implementation of specific economic theories. As a DICTATOR he tended to believe in will power as the driving force of a society which could overcome all obstacles. Consequently the Italian people were MOBILISED in a series of battles, and exhorted to struggle to achieve their targets.

CHART 7C The Battle for the Lira

SOURCE 7.1 A Fascist cartoon. The caption reads 'It was going down ... but something has stopped it and is pushing it up again'

**Aims**

- Fix lira at 90 to £ (as in October 1922; since then it had been falling rapidly, reaching 150 in 1926)
- Reduce inflation, which was harming sectors of the middle class
- Confirm image of Fascism bringing stability to Italy
- Show Italians and the world that the lira, and hence Italy, was a mighty power

Actions

- Banks instituted tight controls on money supply
- Economy deflated to drive up value of lira
- Quota 90 achieved in 1927 when lira was returned to GOLD STANDARD and exchange rate was fixed

Effects

- Showed authority of regime, and perhaps boosted Italy's prestige
- Harmed the economy by hitting exports as now Italian goods were more expensive abroad
- Undermined smaller firms, which were taken over by larger ones
- Helped industries dependent upon imports, e.g. chemical and steel
- Caused serious DEFLATION
- Government imposed 20% cut in wages
- 1936 government was forced to devalue lira

SOURCE 7.2 Mussolini, in a speech in 1926

We will conduct the defence of the lira with the most strenuous decisiveness, and from this piazza I say to the whole civilised world that I will defend the lira to the last breath, to the last drop of blood ... The Fascist regime is ready, from the chief to its last follower, to impose on itself all the necessary sacrifices, but our lira, which represents the symbol of the nation, the sign of our riches, the fruit of our labours, of our efforts, of our sacrifices, of our tears, of our blood, is being defended and will be defended.

CHART 7D The Battle for Grain

SOURCE 7.3 A 1925 poster. The text reads 'National competition: the victory of grain'



Aims

- To boost cereal production to make Italy self-sufficient in grain
- To reduce the balance of trade deficit
- To free Italy 'from the slavery of foreign bread'
- To make Italy less dependent on imports when war came
- To show Italy as a major power

Actions

- Battle announced in 1925: high TARIFFS put on imported grain
- New marginal land used (land that was expensive to farm)
- Government grants to farmers to buy machinery and fertilisers

Effects

- Cereal production increased (doubled from 1922 to 1939) but at the expense of other forms of agriculture, e.g. animals and viticulture (vine growing)
- Wheat imports fell by 75% 1925–35
- Italy became almost self-sufficient in cereals by 1940, but not in fertilisers
- Raised cost of grain and bread in Italy
- Decline in quality of Italian diet
- Protection benefited Italian grain producers, especially inefficient southern landowners
- Increased imports of meat and eggs
- Cereal production fell during the war as imported fertilisers were restricted

SOURCE 7.4 D. Mack Smith, *Mussolini*, 1981, p. 140

Success in this battle was . . . another illusory propaganda victory won at the expense of the Italian economy in general and consumers in particular.

CHART 7E Battle of the Marshes

SOURCE 7.5 Extract from an official school textbook

Fascist land reclamation is not only defence against malaria which has depopulated our country . . . and poisoned the race. It is the new duty of the state . . . Fascist land reclamation is one of our major tasks, perhaps the most important part of that mobilisation in peace which Mussolini has known how to demand of all the Italians in the same spirit of the intervention in war, in the spirit of the trenches and that of victory.

SOURCE 7.6 The new town of Sabaudia: people gather in the main square for Mussolini's visit, September 1934

Aims

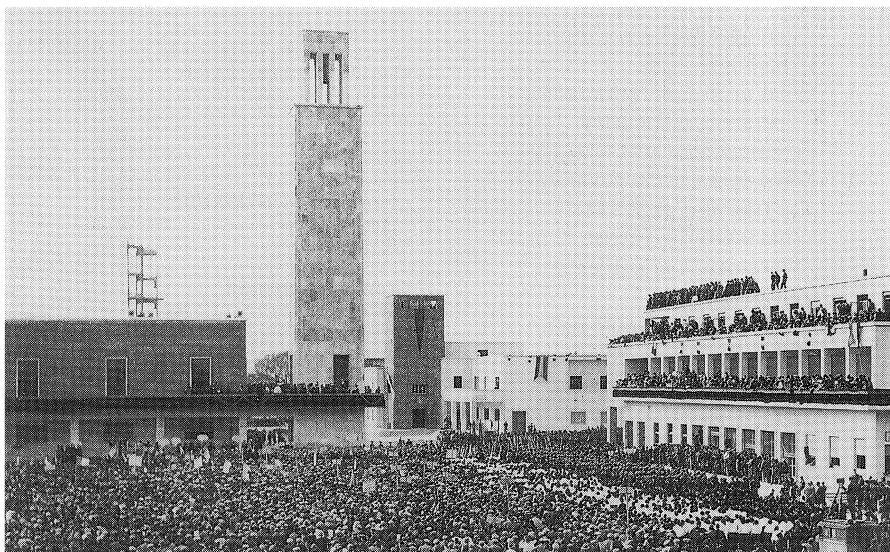
- To show dynamic government in action; impress foreigners
- To increase land available for cereal production
- To provide more jobs
- To improve health by reducing malaria

Actions

- Laws passed (1923, 1928, 1933) on reclamation, extending previous schemes
- Private landowners encouraged to co-operate with drainage schemes

Effects

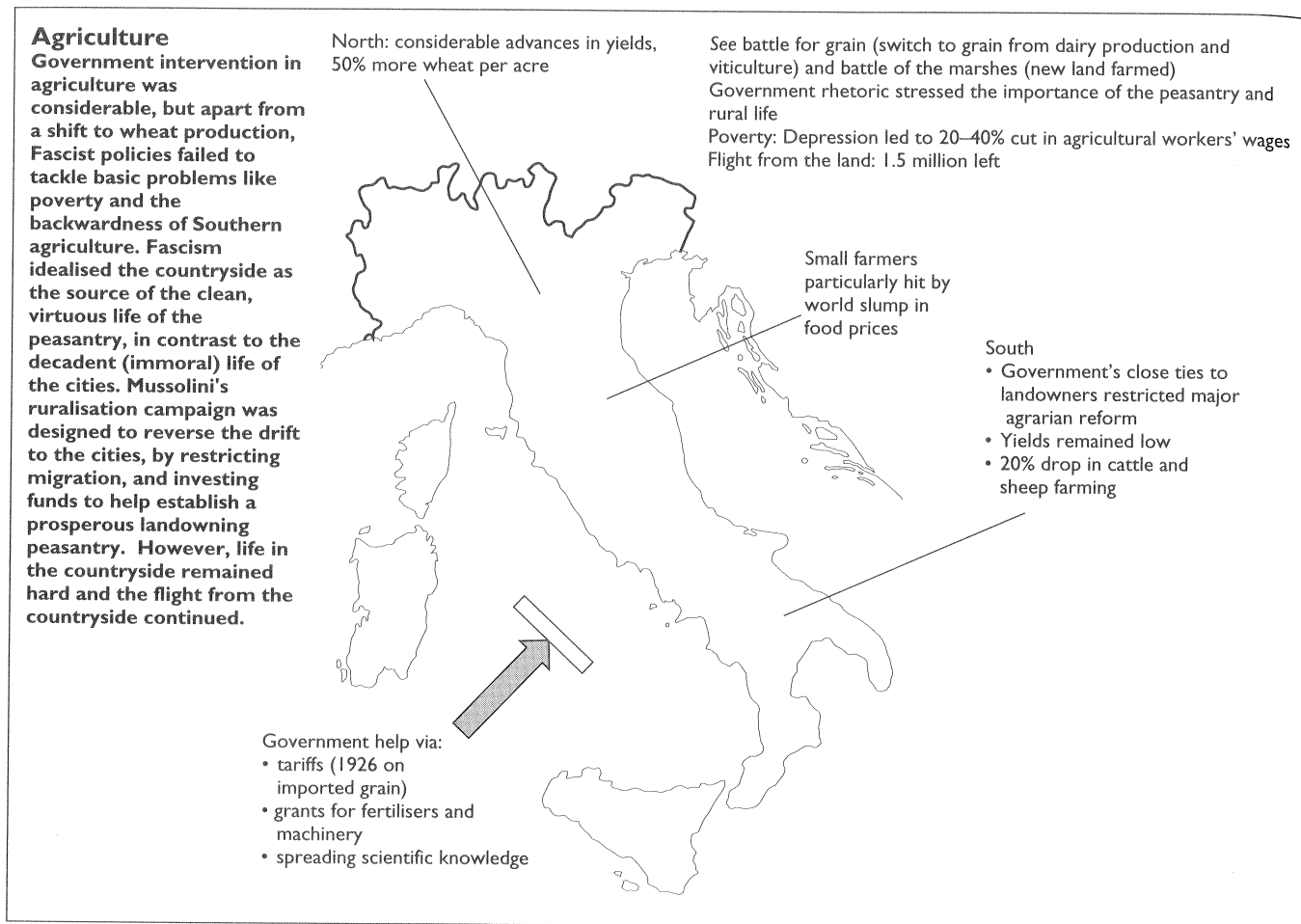
- 1928–38 only 80,000 hectares (hectare = 10,000 m²) reclaimed, one-twentieth of propaganda claim of one-sixth of the land of Italy
- Pontine marshes near Rome drained
- Three-quarters of land reclaimed was in North; South neglected
- Ambitious plans blocked by southern landowners
- New towns – Latina and Sabaudia – created as showpieces
- Bigger impact in providing jobs and improving public health than in boosting farming



D Key areas of the economy

Any government has to deal with certain key areas of the economy. The Italian government's policy is described in the following chart.

CHART 7F Key areas of the Fascist economy



FOCUS ROUTE

Look at Chart 7F.

- What advances were there in agriculture?
 - What problems remained?
- What areas of industry developed?
 - What role did the government play (see also page 141)?
- What were the Fascist government's priorities in transport?
 - What criticisms could be made of them?
- Who bore the highest tax burden?
 - How did this change over time?
- What factors influenced the amount of imports and exports in Italian trade?

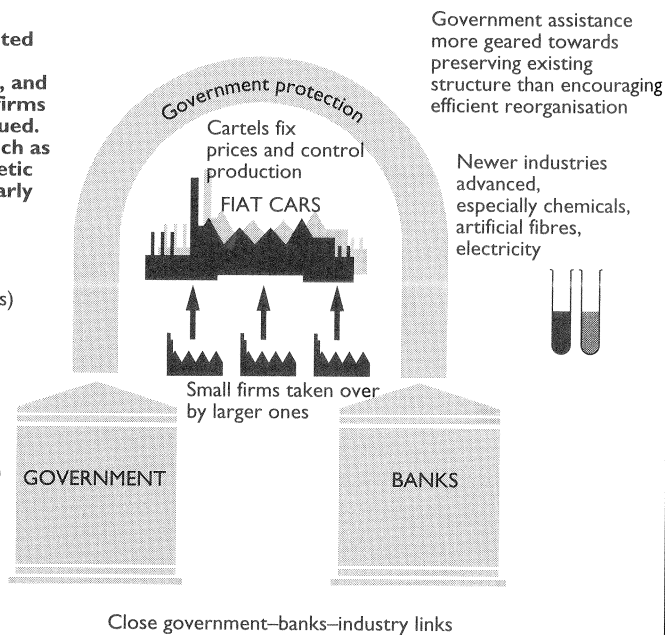
Industry

Most industry benefited from supportive government policies, and the growth of large firms and CARTELS continued. Newer industries, such as chemicals and synthetic fibres, grew particularly well.

Major firms:

- FIAT (cars)
- Montecatini (chemicals)
- Pirelli (rubber)
- ILVA (steel)

Growing government intervention as slump hit from 1929, especially 1933 (IRI: see page 134)



Transport

There was clear progress in transport but prestige projects, not necessarily the most economically vital, were stressed. Autostrada (motorways) were built and 5000 kilometres of railway were electrified, but many local roads were left untouched.

- New autostradas opened
- Milan to the lakes, Rome to the sea
 - Few Italians owned cars
 - South neglected
- Railways
- ran on time; illustrated Fascist efficiency?
 - Increasingly electrified; over 50% of traffic
- Poor roads remained in backward agricultural areas



Trade

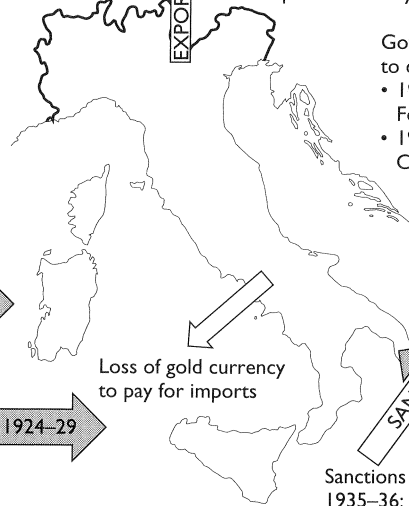
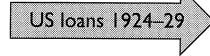
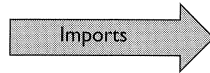
Trade should have been important for a country lacking many basic resources. However, Mussolini sought a country which was self-sufficient. Foreign policy entanglements increasingly affected the direction and nature of Italy's trade in the 1930s.

- Unintentionally encouraged by lira overvaluation 1927-36
- Controlled by quotas from 1935
- Attempt to restrict imports in order to establish autarky

Frequent balance of payments problems

Exports increasingly shifted away from W. Europe to Germany from 1936

- Government agencies to control trade
- 1934 Institute of Foreign Exchange
 - 1937 Ministry of Currency Exchange



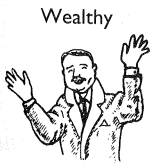
Sanctions during Abyssinian War 1935-36: excluded oil

Taxation

Initially the wealthy benefited from Mussolini's tax policies but, as the state intervened more in the economy and tried to build up its war machine, taxation became heavier and more widespread.

1920s

1930s



Taxes reduced to stimulate investment.

Indirect taxes raised.

Taxes raised. 1934 about 60% indirect, 40% direct taxation

Elite support for regime declined

Still high taxes.

1935 National Prices Committee to control prices. Inflation controlled until 1943.

- Government expenditure
- State bureaucracy
 - Prestige projects
 - Help to industry
 - Public works
 - Welfare measures
 - Armaments, wars

Autarky

This word is often misspelt. Autarky comes from the Greek 'aut' (self) and 'arkeein' (to suffice) and should not be confused with autarchy (which comes from the Greek for self-rule). Autarky means economic self-sufficiency. It requires that a country produces all of its resources itself, and does not need to import them. It is rare for a country to achieve total autarky.

Activity

- 1 What disadvantageous implications for economic policy might there be in Mussolini's statement (Source 7.7)?
- 2 What is typical of Mussolini in this speech?
- 3 What might be the purpose of the sculpture in Source 7.11?

SOURCE 7.9 'In this shop only Italian products are sold'

**FOCUS ROUTE**

Explain what a policy of autarky means. How successful was it in Italy?

E How effective was Mussolini's policy of self-sufficiency?

SOURCE 7.7 Mussolini speaking in a debate on the SYNDICAL law, December 1925

I consider the Italian nation to be in a permanent state of war . . . To live for me means struggle, risk, tenacity [holding on] . . . not submitting to fate, not even to . . . our so-called deficiency in raw materials.

SOURCE 7.8 Mussolini speaking to a meeting of the National Council of Corporations, March 1936

Italy can and must attain the maximum economic independence for peace and war. The whole of the Italian economic system must be directed towards this supreme necessity, on which depends the future of the Italian people . . . The plan of control for Italian economic policy in the coming Fascist era . . . is determined by one single consideration: that our nation will be called to war.

As the regime became more established, Mussolini was freer to indulge in his own priorities. He wanted to establish the prestige both of the government within Italy, and of Italy in the world. Economic policy could be used to this end. Mussolini placed great stress on autarky. Such a policy was hardly surprising for a strongly NATIONALIST government which considered war inevitable. Put simply, a nation which was to fight needed to produce all the necessary materials itself, and should never be in a position to be held to ransom by being economically dependent on any other nation.

The first major move towards autarky was the Battle for Grain in the 1920s. The collapse of world trade in the early 1930s and the League of Nations' imposition of economic sanctions in 1935–36 further brought home the advantage of having a largely self-sufficient economy. In 1936 Mussolini formally announced his policy of autarky, accompanied by a vast propaganda campaign.

Mussolini's attempt to make Italy more self-sufficient was neither successful economically nor militarily. Although Italy became virtually self-sufficient in grain, it still depended largely on imports for other basic needs. Due to a lack of foreign currency (caused by the neglect of exports) during the 1930s Italy was unable to import the raw materials its military preparations required, which meant it was unable to join its ally Germany in the war in 1939, and then performed badly when it did join in 1940 (see Chapter 15).

However, Morgan has argued that the desire to achieve autarky was, as with Hitler, a reason for Mussolini's expansionism.

SOURCE 7.10 Morgan, pp. 168–69

Autarky was certainly an unattainable goal for a relatively poor and ill-resourced country like Italy, which would always need to import coal, oil and raw materials. But the fact that it was unrealisable in present conditions was the very reason pushing Fascist Italy towards war alongside Germany. Within the Axis bloc of Fascist powers, German resources were already making up for some of Italy's economic shortfalls. Whatever the illusions about Ethiopia's economic potential, the EMPIRE was an attempt to make Italy economically independent and powerful by war. Future expansion and conquest would achieve that redistribution of territory and resources which had always been behind Fascist 'REVISIONISM'. Talk of 'living space' (spazio vitale) was as common in Fascist Italy before and during the war as it was in Germany.

CHART 7G Mussolini's autarky policy

THE DREAM

Self-sufficiency, i.e. Italy to produce for itself all its major needs, i.e. food, raw materials, manufactured goods



MEASURES

- Increased controls on currency
- Quotas on imports
- Increased tariff protection
- Government assistance to develop new products as import substitutes, e.g. cheese-based lanital for wool, rayon for cotton; and to locate new mineral sources
- State agencies such as AGIP (the oil company) searched for new energy sources
- 1937 High Commission on Autarky to supervise policies

THE REALITY

- Virtually no coal supplies; little iron, no discovered oil
- Even by 1940 domestic production met only one-fifth of Italy's industrial raw material needs
- Grain Battle cut wheat imports, but other food imports rose
- Italy really needed to increase its exports to pay for essential imports
- Increased prices
- Some industries hit, e.g. textiles

Trade statistics

a)	Exports (1922 = 100)	Imports
1922	100	100
1925	194	100
1929	189	109
1932	142	72
1936	115	52
1938	162	58

- Italy continued to suffer a balance of trade deficit which made it hard for it to import the raw materials it needed.
- In 1939 domestic production met only a one-fifth of its raw material needs, especially coal and iron ore.
- Basic raw materials were very expensive – coal was three times the price it was in England, and steel twice the price.

WHY?

- **Nationalism:** to make Italy great, and not dependent upon others
- **Militarism:** to prepare Italy for war
- Other factors:
 - to justify imperial expansion, gaining 'spazio vitale' (living space)
 - to avoid a repetition of the 1935–36 League of Nations boycott

Talking point

Discuss whether you think a policy of autarky makes economic and/or political sense.



SOURCE 7.11

Entrance to an exhibition on autarky

F How well did Fascist Italy ride out the Great Depression?

Italy, like other Western European countries, was unable to escape the effects of the world slump, sparked by the Wall Street Crash in 1929. Italy had received considerable investment from the USA following the post-First World War debt settlements of 1924–25. Much of this money was withdrawn. Farmers, unable to diversify from wheat due to the Grain Battle, were particularly hit by the collapse in grain prices. Industry, and their partner banks, suffered from the collapse of demand. Unemployment grew to two million, and wages fell.

The Depression led to greater government intervention, especially through the IMI (an organisation to support the banks) and the IRI. The IRI (Institute for Industrial Reconstruction) was a government agency set up in 1933 to help industry. It took over industrial shares previously held by banks, and those of other companies in trouble. It reorganised such companies to maintain production. Although intended as a temporary body to help private industry through a crisis, it became permanent in 1937 with extended powers to take over private firms. By 1939 the IRI controlled 75 per cent of pig iron production, 45 per cent of steel production, 90 per cent of ship building, and overall controlled 20 per cent of industry.

The IRI is an interesting feature of Fascist economic policy because it shows the pragmatic nature (dictated more by practical consequences than theory) of Fascist policy. It acted as a kind of hospital service for existing firms, and did not attempt broader policies of rationalisation (organising things in the most efficient way), which might have benefited the economy more. It is interesting to note that when the government intervened in a major way in the economy, it set up this new body, and bypassed the structures of the Corporative State (see page 136), a reflection of the latter's insignificance.

The government further helped industry by encouraging price-fixing and cartels and by imposing further wage cuts.

However, increased public works (land reclamation, housing, roads and electrification), reductions in the working day to help share out work, a lifting of the ban on emigration and extensions of welfare slightly reduced the misery caused by the Depression.

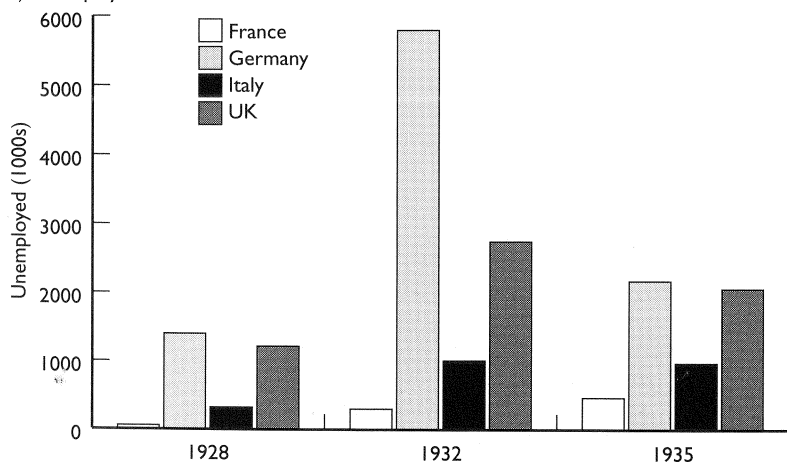
The government also claimed the developing structure of the Corporative State protected Italians from the slump which was devastating other countries. Italy certainly was not as badly hit as many other countries. And although none of their measures were particularly impressive (and the corporative system was largely irrelevant), government policies did cumulatively help prevent the widespread unrest and political turmoil seen elsewhere. Mussolini was one of the few European rulers who did not lose office during the Depression.

FOCUS ROUTE

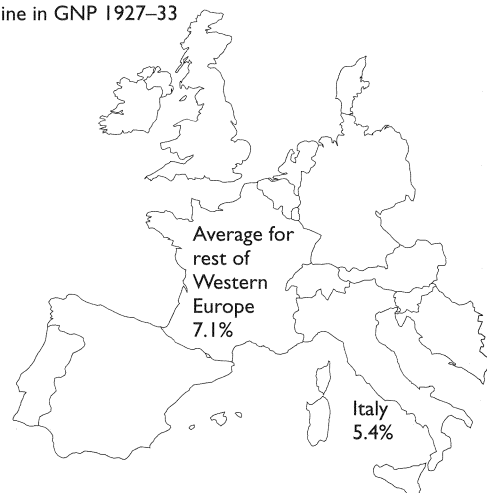
- 1 Note down the significant points about the IRI. Do they suggest that Fascist economic policy was radical?
- 2 What evidence is there for and against the claim that Fascist Italy 'rode out the Great Depression'?

CHART 7H The impact of the Depression

a) Unemployment 1928–35



b) Decline in GNP 1927–33



■ Learning trouble spot

The Corporative State

Have you ever tried 'looking in a dark room for a black cat that isn't there'? That was how the Italian politician Salvemini described trying to work out what the Fascist Corporative State actually was. The Corporative State, Mussolini's 'third way', was the feature of Fascist Italy which he was most proud to boast about. As the rest of the world seemed trapped in a battle between capitalism and Socialism, Italy was presented as an internally unified nation where everyone's interests were protected.

Many students of History have struggled like Salvemini to understand what the Corporative State actually was. This is partly because the meaning of the key word 'corporation' causes confusion. The form corporations took was complicated, and evolved over time. Although Mussolini made great claims for his new system, it is hard actually to pin down what it was, and even more so what it did. You may find by the end it was more important in terms of propaganda than actual performance.

Key terms causing confusion

1 Association Group of employers seeking to protect their members' interests, e.g. Confindustria.

2 Corporation Originally this term was used as an alternative to describe workers' unions/ syndicates or employers' associations. From 1934 these two types of organisations were merged into mixed corporations, consisting of both workers and employers in one branch of the economy.

3 Syndicate Another word for union; often used to describe Fascist unions.

4 Union Traditional organisation of workers to protect their interests from employers. Separate unions might be linked together in national organisations, like the CGL.

G Corporativism: 'new way' or 'elaborate fraud'?

Why was a new way of organising the economy needed?

The stability of post-war Europe seemed to contemporaries to be precariously balanced against the background of the tension between CAPITALISM and socialism. Would the interests of capitalists or the working class win out?

Fascists believed they had the answer in promoting the national interest above sectional interests. They wanted a society where all people involved in economic activity (i.e. both employers and workers) could all work together in the national interest, which in the end would bring the best for all. This was to be based on a system of corporations.

SOURCE 7.12 Alfredo Rocco, Minister of Justice, and a leading Fascist theorist

The corporation in which the various categories of producers, employers and workers are all represented . . . is certainly best fitted to regulate production, not in the interest of any one producer but in order to achieve the highest output, which is in the interests of all the producers but above all in the national interest.

Mussolini claimed that his Corporative State provided the advantages of both capitalism and Socialism, whilst avoiding each one's weaknesses. It was thus a new 'third way'.

■ Activity

1 Complete a chart like the one below, which at the moment just identifies the supposed benefits of Corporativism. Use the points below to fill in 1–4 in the table on the claimed benefits and disadvantages of capitalism and Socialism.

- Personal incentives
- Economy rationally planned
- Overpowerful state machine
- Selfishness
- Wealth unfairly distributed
- Creates wealth
- Economy prospers
- Weak go to the wall
- Harms individual enterprise
- Full employment ensured
- State welfare provision
- Employers do well
- Creates class conflict
- Eventually ends class divisions
- Economically inefficient

System	Supposed benefits	Supposed weaknesses
Capitalism	1.	2.
Socialism	3.	4.
Corporativism	<ul style="list-style-type: none"> • National interest advanced • Economy regulated • Class conflict ended • Everyone's interests protected • Problems solved by conciliation, not struggle 	5.

2 Look at your completed chart. Does the idea of Corporativism look more attractive than capitalism or Socialism?

3 After you have studied Corporativism in practice, see what points you can add to the weaknesses of Corporativism (5).

How did the corporative structure work?

The concept of the Corporative State was not totally new. It brought together a variety of existing ideas and practices about the organisation of production (see Chart 7I).

An elaborate structure was built on the corporative principle. The corporations were:

- organisations consisting of all workers and employers in a particular field of economic activity
- self-governing, and supposed to discuss all matters concerned with production, working conditions, pay, etc. in their sector
- represented at the National Council of Corporations, and later the Chamber of Fasces and Corporations which made policy decisions affecting the entire country.

CHART 7I The ingredients of Corporativism

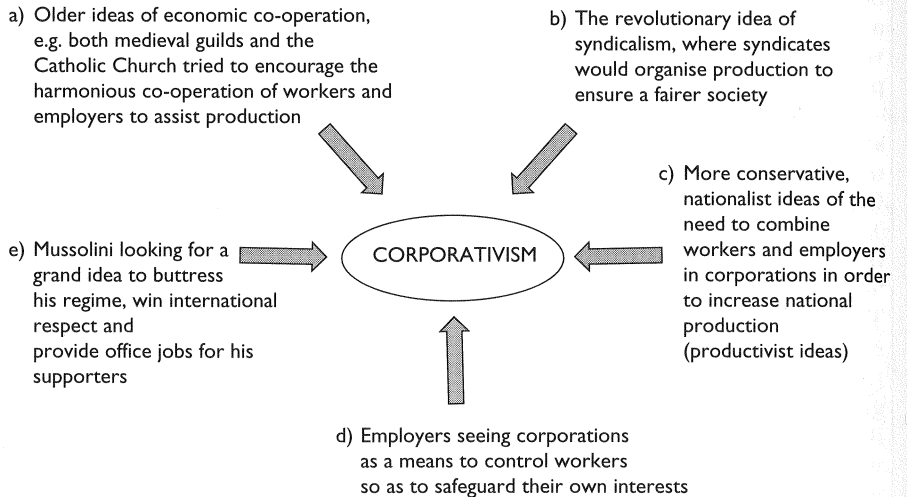


CHART 7J The Corporative State: the final structure

Who represented whom?

The national interest was represented by

Ministry of Corporations and Party Officials

<p>Employers</p> <p>were represented by</p>	<p>Workers</p> <p>were represented by</p>
<p>themselves</p>	<p>Fascist syndicate representatives, i.e. Fascist officials rather than workers</p>

Corporation represents all those engaged in a particular area of activity: employers (Federations) and workers (syndicates) were equally represented, plus experts acted as advisers, and there were three Fascist Party members

Presided over by Minister of Corporations (Mussolini 1934) – who had to approve representatives of workers and employers

The system in operation

Two key weaknesses:

- 1 Representation within corporations was unbalanced:
 - Employers represented themselves
 - Workers were represented by Fascist Party members
- 2 Powers subordinate to Mussolini: the corporations just discussed issues, while Mussolini made the real decisions

Mussolini: the claims

- 'Third way', new synthesis
- Reconcile conflicting interests
- Unite all to produce for nation

A critical historian: the reality

- Elaborate facade
- Exploitation of workers
- Vast bureaucracy, often duplicating government agencies
- Grave burden on national economy

How was the Corporative State set up? Key steps

Chart 7K gives the details of how the Corporative State was gradually set up. Initially, Fascist unions were favoured. Indeed, the syndicalist leader Rossoni had hopes of establishing powerful Fascist syndicates to improve workers' conditions, and in 1924–25 there was a series of successful strikes. But Mussolini's government would not tolerate such a potential threat to industrialists for long. Existing Socialist and Catholic unions, deprived of negotiating rights and harassed by the authorities, faded out of existence. Alongside this, workers were promised social improvements in the much heralded Labour Charter (see page 138) though this was more impressive on paper than in reality. Fascist syndicates proved unable to protect workers from powerful employers and the state. Rossoni's hopes of a powerful syndicalist organisation were dashed in 1928 when his confederation was split up. Labour was to be subordinate in the Fascist state.

Over the next decade the Fascist government gradually established a system which it claimed would protect the interests of the workers and employers. Economic development would proceed through harmonious co-operation in the interests of the state. A new chamber of representatives of all aspects of the economy eventually replaced the old Parliament, so the corporative approach finally covered the political as well as the economic organisation of Italy. In practice, the system amounted to a vast bureaucracy, with little real power.

It has been argued that Mussolini never took the system that seriously, except for propaganda purposes. He was concerned not to alienate the economic elite. So the Corporative State became little more than an instrument for exploitation in the workplace and a powerless sham as a national structure. Significantly Mussolini failed to 'launch a battle for corporations' and the slow and lethargic way in which the system was implemented reflected his caution.

CHART 7K The nine key steps

Stage 1 The weakening of the unions

1. **Palazzo Vidoni Pact, 1925**
 - A pact between Confindustria and Rossoni's Fascist trade unions depriving other unions of bargaining rights
 - A great victory for industrialists
2. **Rocco Law, April 1926**
 - Confirmed position of Fascist syndicates
 - Strikes, lockouts illegal
 - Mixed corporations could be set up (but were not until 1934)
3. **Ministry of Corporations, July 1926**
 - To organise conciliation of disputes
 - Intended as central controlling and co-ordinating body, but was obstructed by the Economics Ministry
 - Mussolini was Minister, then 1929–32 Bottai
4. **1927 Labour organisations CGL and CIL dissolve themselves as powerless**
5. **Rossoni's national syndicalist organisation split up, 1928**
 - Independent workers' organisations had already collapsed; now Fascist unions were weakened

Stage 2 The creation of a vast Corporative State structure

6. **Charter of Labour, 1927**
 - Claimed as the MAGNA CARTA of Fascist revolution, and the 'greatest document in the whole of history'
 - Work was seen as a social duty
 - Private enterprise declared the most efficient
 - To counter image of exploited workers, workers' rights were proclaimed in employment, social insurance and welfare
 - Assumed mixed corporations would organise production (although they did not yet exist)
 - General indication of intent, not legally binding
7. **National Council of Corporations, March 1930**
 - Seven large sections, embryo corporations, of worker and employer organs covering main parts of economy were created
 - Not properly representative, e.g. a philosopher represented grain growers; a professor, textiles
 - Consultative role, discussing matters actually decided elsewhere; just a facade
 - Did not meet after 1937
8. **Twenty-two corporations of major economic sectors, 1934**
 - Issued regulations in their areas, e.g. fix prices; in practice they did little
 - 'Stillborn', as employers were suspicious
 - Decisions had to be approved and issued by Mussolini
9. **Parliament replaced by Chamber of Fasces and Corporations, 1939**
 - In practice this just meant one powerless body was replaced by another

Fascist views of the Corporative State

SOURCE 7.13 Extract from Mussolini's autobiography, 1928

Amid the innovations and experiments of the new Fascist civilisation, one interests the whole world: it is the corporative organisation of the state.

It was necessary to emerge from a base [immoral], selfish habit of the competition of class, and to put aside hate and anger. After the war, especially with the subversive [aiming to overthrow the government] propaganda of Lenin, ill will had reached perilous proportions. Usually agitations and strikes were accompanied by fights, and there were dead and wounded men . . .

However, five years of harmonious work have transformed in its essential lines the economic life, and in consequence the political and moral life of Italy. Let me add that the discipline that I imposed is not a forced discipline and does not obey the selfish interests of categories and classes. Our discipline has one vision and one end, the welfare and good name of the Italian nation.

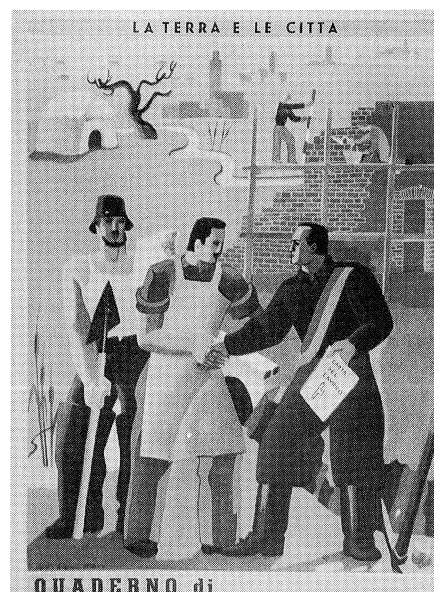
Instead of the old trade unions we substituted Fascist corporations . . . Public order must never be troubled for any reason whatsoever. That is the political side. But there is also the economic side; it is one of collaboration . . .

We have solved a series of problems of no little importance; we have abolished all the perennial [long-lasting] troubles and disorder and doubt that poisoned our national soul. We have given a rhythm, a law and a protection to work; we have found in the collaboration of classes the reason for our possibilities, for our future power. We do not lose time in troubles, in strikes . . . which imperil . . . our strength and the solidity of the economy. We consider conflict as a luxury for the rich. We must save strength.

SOURCE 7.14 Some points from the Charter of Labour, April 1927

1. *The Italian nation is an organism with objectives, life and means of action superior in power and duration to those of the individuals or groups which compose it. It is a moral, political and economic unit which is integrally [fully] realised in the Fascist state.*
2. *Labour in all its organised and executive forms, intellectual, technical and manual, is a social duty. In this aspect, and in this aspect alone, it is under the protection of the state. Production as a whole is a unit from the national point of view; its objectives are single and are summed up in the welfare of individuals and the development of national power.*
3. *Syndical or professional organisation is free. But only the syndicate which is legally recognised and subject to the control of the state has the right legally to represent the entire category of employers or workers for which it is constituted . . . to conclude collective labour contracts binding upon all belonging to the category, to impose contributions upon them.*
4. *In the collective labour contract the solidarity between the various factors of production finds its concrete expression through the conciliation of the opposing interests of employers and workers and their subordination to the higher interests of production.*
6. *The legally recognised . . . associations assure the legal equality of employers and workers, maintain discipline in production and labour, and promote their improvement.*
7. *The Corporative State considers private initiative in the field of production to be the most effective and most useful instrument in the national interest . . .*
9. *The intervention of the state in economic production takes place only when private initiative is lacking, or is insufficient or when the political interests of the state are involved. Such intervention may take the form of control, encouragement and direct management . . .*
27. *The Fascist state proposes to accomplish . . . the improvement of social insurance.*

SOURCE 7.15 An exercise book cover celebrating the creation of the Charter of Labour



SOURCE 7.16 A cartoon study for a mosaic mural entitled *The Corporative State* by the Fascist Sironi. It illustrated all sections of society co-operating for the common good. The mosaic was displayed in the 1937 Paris Exhibition and alluded to the recent victory in Abyssinia in the figure of triumphant, all-embracing Italy, symbolic of the union of recent and imperial history



SOURCE 7.17 Extract from a speech by Mussolini on the Inauguration of the Corporations, November 1934

Today we affirm that the method of capitalistic production is superseded ... Capitalistic enterprise, having fallen into difficulties, throws itself desperately into the state's arms. This is the instant when the state's intervention becomes more and more necessary ... There is now no economic field in which the state is not obliged to intervene ... The Corporation is established to develop the wealth, political power and welfare of the Italian people ... Corporativism overcomes Socialism as well as it does LIBERALISM: it creates a new synthesis.

Activity

- 1 a) In Sources 7.13 and 7.14, what are the proclaimed aims of Corporativism?
b) How are these to be achieved? How does this differ from the situation in Italy before 1922?
- 2 a) In the Charter of Labour, do workers and employers seem to be treated equally? Was this really the case?
b) How are the ideals of Corporativism reflected in the Charter of Labour?
- 3 What does Source 7.15 show about one of the main purposes of the Charter of Labour?
- 4 Although other unions were not actually banned, can you see from Source 7.14 why they faded out of existence?
- 5 a) Can you see any difference in the Fascist attitude towards capitalism in Sources 7.13 and 7.17?
b) What has happened in between the two comments that might explain this?
- 6 What idea about the Corporative State is Sironi trying to convey in Source 7.16?
- 7 Discuss the value of each of these five sources to a historian of Fascist Italy.

Activity

1 Either:

Draw up a Fascist poster proclaiming the marvels of the Corporative State in 1939.

Or:

Compose an underground Socialist leaflet exposing it as a fraud.

2 Read the four historians' assessments (Sources 7.18–21), and use their criticisms to complete your copy of the evaluation chart on page 135.

3 Do you agree that the importance (for the history student) of the Corporative State is not its effect on Fascist Italy, but what it illustrates about the nature of the regime?

Historians' assessments of the Corporative State

SOURCE 7.18 Tannenbaum, p. 101

Fascist Corporativism performed the function of a myth to solve the dual problems of class conflict and national economic poverty; in doing so it held the divergent forces [moving in different directions] within the party and the country together.

SOURCE 7.19 De Grand, p. 81

When it came to dealing with the effects of the depression, the corporative system proved totally irrelevant.

SOURCE 7.20 Blinkhorn, pp. 24–25

Corporativism in practice . . . involved the thinly disguised exploitation and oppression of labour . . . For the Duce Corporativism was . . . an apparent social and political experiment useful for bestowing respectability on his regime in the eyes of foreigners; and an elaborate facade behind which corruption and exploitation could flourish.

SOURCE 7.21 Cassels, p. 58

Corporative theory constituted a not unintelligent reaction to the fragmentation of modern society. But its application in Fascist Italy was an elaborate fraud. In this, the Corporative State was a true child of Mussolini: the great poseur brought forth an organism that was a travesty of what it purported to be.

FOCUS ROUTE

1 Study Chart 7J, showing the final structure of the Corporative State. Explain how it was supposed to operate, and how it did so in practice.

2 Look at the following views of the Corporative State, and match up each view with a person.

a) A worker

i) I was originally worried about some of the Fascist rhetoric, and the degree of government intervention in my business. But in practice my workers are well controlled, and the Corporations don't actually do a lot.

b) An employer

ii) It's a con; this sham structure does not represent our interests.

c) A member of the Fascist Party

iii) Once again our country is leading the world with this grand new idea.

d) Mussolini

iv) What a fine idea. Italy seems to have solved the key problem of the twentieth century.

e) A British Conservative statesman

v) I'm proud of our new idea, and I've got a safe job out of it.

FOCUS ROUTE

- 1 Why did the Fascist state intervene in the Italian economy?
- 2 In what ways did it do this?
- 3 What were the effects?

H How big a part did the state play in the Italian economy?

141

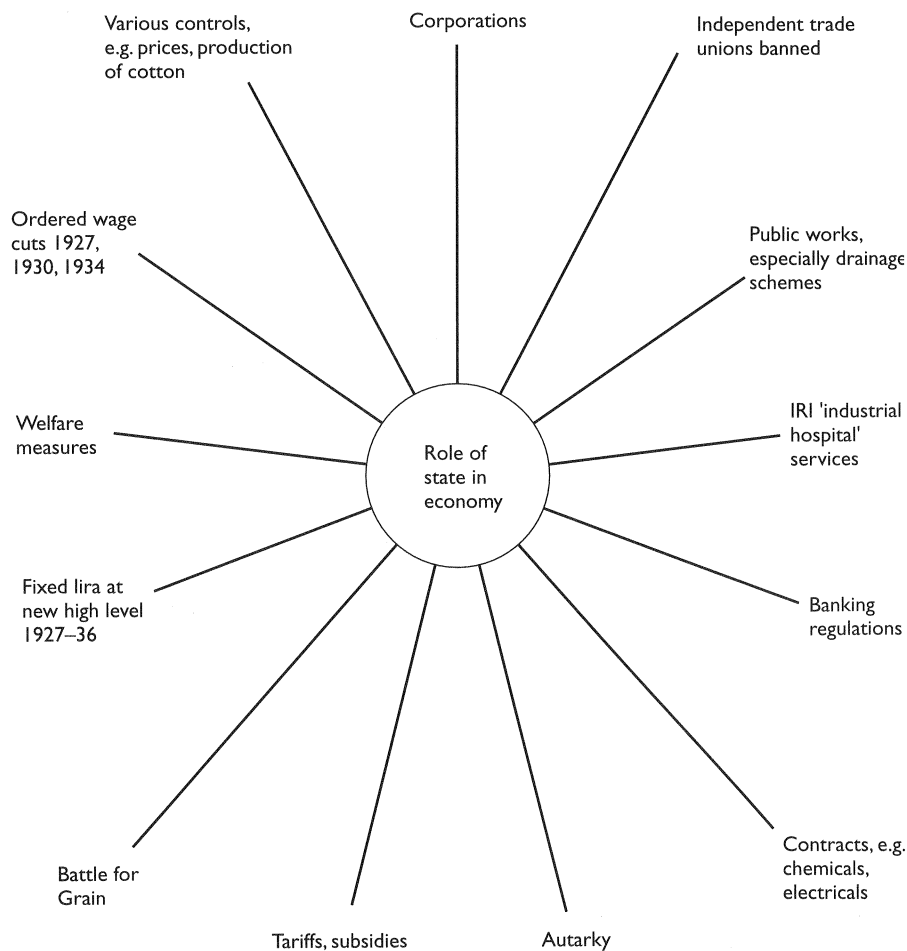
HOW SUCCESSFUL WERE MUSSOLINI'S ECONOMIC POLICIES?

Mussolini claimed to lead a **TOTALITARIAN** state, which implied the government had full control of all aspects of the state, including the economy. As we have seen, it did come to play an increasing role in the economy, with a wave of regulations and policies affecting economic performance (see Chart 7L). Mussolini did not, however, want to challenge the position of the industrial elites. Their freedom of economic activity was somewhat restricted, and they had to bend to state priorities, but their ownership of successful businesses was not challenged. The IRI marked a major extension of the state in the economy, but this only intervened to help industries that were in trouble. The impact of the Depression meant that by the late 1930s the state, via the IRI, controlled a higher proportion of industry than in any other country, except Stalin's USSR.

The Corporative State might appear to be great state intervention in the economy, but in practice its effect on the organisation of industry was small. With the banning of Socialist trade unions, and the weakening of Fascist ones (see page 137) employers gained increased control over their workforce, despite the official view that the Corporative State balanced the interests of workers and bosses.

From 1935 onwards, Fascist Italy was virtually permanently at war, and the government increasingly intervened to favour industries supplying military needs. This further distorted the economy, as well as massively increasing the budget deficit which rose from two billion lire in 1934 to 28 billion by 1939, despite increased taxation. This was mainly caused by increased expenditure on the military. These trends served to weaken the elite's commitment to the regime. An increased number of businessmen began to transfer funds to Swiss bank accounts. The writing was on the wall.

CHART 7L Government and economy



FOCUS ROUTE

'Welfare policy in Fascist Italy was typical of the nature of the regime.' Do you agree? Consider its aims, enactment and the claims as opposed to the reality.

Talking points

- 1 What do you understand by the term 'welfare state'? Would you expect Fascist Italy to be one?
- 2 Do you think the state or the individual citizen should take most responsibility for providing for people's welfare needs?

I Were Italians better off under Fascism?

We have looked at the broad sweep of Mussolini's economic policies, but what did they actually mean for the individual Italian? Fascism did not have as a major aim the material improvement of people's lives. Mussolini's priority was to make Italians harder and better fighters; an easy material existence might weaken their spirit. However, bread and butter issues could not be ignored, not least to ensure there was no recurrence of the post-war economic unrest.

Was Fascist Italy a welfare state?

Most people associate a welfare state with governments concerned with the welfare of their citizens. In some ways this jars with the popular image of Fascist regimes as cruel DICTATORSHIPS. However, Fascism claimed to represent the interests of the whole community. The Fascist government did pass welfare measures, but as Chart 7M shows, its motivation was mixed.

The regime inherited a complicated system of welfare, provided by private bodies, the Church, and state schemes initiated by Liberal Italy. The party set up an umbrella organisation, the EOA (Agency for Welfare Activities), to control the distribution of funds. Most of these came from private bodies, though the party claimed the credit. Government welfare schemes, most notably family allowances, were extended in the 1930s. These were largely inspired by the Depression, but also by the increasing stress in that decade on 'going to the people', to make the mass of ordinary Italians more committed to Fascism.

Mussolini hoped welfare would allow Fascism to reach areas of life as yet little touched by the regime. Welfare provision would also demonstrate the national commitment and inter-class solidarity of the regime, with the rich contributing to help the poor.

CHART 7M Welfare in Fascist Italy: key aspects

A Aims

- To protect the interests of the people
- To reduce the danger of unrest
- As a form of propaganda to win support
- To demonstrate a united nation
- To prepare Italians for military success through a larger and more vigorous population

B How welfare was funded

- State taxation and levies on various organisations, e.g. syndicates, companies, banks

C Particular measures

a) Health

- There was limited sickness insurance in most employment contracts after 1928, but a government system was not established until 1943.
- Great variations in hospital provision: there were some good hospitals in major cities, but many areas had no hospital facilities.

b) Pensions

- No extension of government scheme until minor improvements in 1939

c) Working conditions/unemployment

- No improvements in very limited unemployment insurance scheme
- Shorter working hours 1934 (but due to the Depression)

d) Childcare

- 1934 family allowances to factory workers (to compensate for the reduction in working hours)
- ONMI provided infant welfare schemes (see page 166).

e) General welfare

- Special payments, e.g. 1.75 million families in winter 1934–35 were receiving relief.

D Overall assessment

- Despite government boasts, welfare system was not particularly impressive.
- Government measures concentrated on strengthening the power of the nation.
- Some advances were not due to the regime, e.g. the incidence of tuberculosis fell, mainly due to scientific advances.

SOURCE 7.22 An assessment from the exile Salvemini in 1936

No more than a few fresh initiatives can be accredited to the Fascist dictatorship in the so greatly glorified field of social legislation, besides the bureaucratic centralisation of all those institutions which once battled against tuberculosis, assisted maternity and infancy, and aimed at promoting the recreation, education, and spirits of the workmen. To maintain those institutions, wages are subjected to deductions which amount to 4.5 per cent of the wage . . .

Fascists . . . affirm . . . that the iron hand of the 'man of destiny' has created all there is of good in Italy. Even one who does not accept this doctrine can recognise that in this field not all the merits which the dictatorship attributes to itself are imaginary. Only, one must not forget that sports and assistance to children have become vehicles of partisan propaganda, of nationalist exaltation, and of warlike drill.

SOURCE 7.23 V. Zamagni, *Economic History of Italy 1860–1990*, 1993, p. 317

The highly proclaimed Fascist social policy was a mixture of measures that had already been put into practice by previous Liberal governments, and others, badly co-ordinated and taken for IDEOLOGICAL and pragmatical reasons, which demonstrates just how little real social progress was made.

SOURCE 7.24 Tannenbaum, p. 129

The system of family allowances was based on humanitarian as well as nationalistic motives, even though it was a poor substitute for real wage increases and was not tied to any broader programme of social security.

SOURCE 7.25 Morgan, p. 114

By providing the moral and material benefits of welfare, the party was extending the regime's network of control and surveillance of the population.

SOURCE 7.26 Clark, p. 251

This was not exactly a Welfare state, rather a medley of different provisions and different 'semi-state' welfare bodies; but it was novel, and it helped defuse working-class unrest.

Activity

- 1 What does Salvemini (Source 7.22) see as the good and bad points about welfare provision in Fascist Italy?
- 2 To what extent do the historians (Sources 7.23–26) agree on the purposes and success of Fascist welfare measures?

How effective was the government's provision of leisure facilities?

The Fascist regime did not just concern itself with providing social services for Italians, but also encouraged the provision of subsidised leisure facilities. To some extent these replaced similar facilities previously provided by co-operative and labour organisations which the government had dissolved. In 1925 it created the Opera Nazionale Dopolavoro (OND) to provide state-sponsored afterwork entertainment. As with welfare schemes, this was not primarily motivated by a desire to make Italians' lives more enjoyable, but to improve their health and especially to gain their support for the regime. You have already seen how the Fascists exploited national success at spectator sports for propaganda purposes. Providing greater opportunities for participation in sport would also assist this cause.

The OND also illustrates the totalitarian aspirations of the regime, seeking to exercise control over all aspects of Italians' lives. It was particularly aimed at those groups, especially in rural areas, which might remain largely outside the influence of press, radio and cinema. The OND underwent a major extension in the 1930s, as part of the 'going to the people' policy of trying to integrate the masses into the state. As well as providing leisure facilities, it gave financial assistance to members in need. The OND undoubtedly helped win support for the regime, but this must be distinguished from turning Italians into committed Fascists; most accepted the regime but did not absorb the ideology (see Chart 7N on page 144).

CHART 7N Opera Nazionale Dopolavoro (OND)**a) Organisation**

- Created in 1925, it was reorganised in 1927 under PNF control; it took over many existing clubs and activities.
- It was a huge agency providing social activities, holidays, entertainment, sport and welfare.
- Its role was extended during the Battle for the Lira to help workers suffering wage reductions.
- Firms developed their own Dopolavoro institutions, e.g. Dopolavoro Ansaldo (steel firm) had 50,000 members.

b) Aims

- To replace and extend services previously provided by labour organisations
- To provide compensation for low pay
- To help production by developing healthier workers
- To foster the image of caring employers
- To gain popularity and support by being largely non-ideological, i.e. geared to win support, not convert Italians to Fascism

c) Operation

Subscription dues were subsidised by the state, and employers were forced to contribute. It offered a range of activities, including:

- Library, films, and radios for communal listening
- A travel agency which subsidised trips, especially excursions
- Mobile cinemas, theatre and orchestras for remote areas
- Obligatory showing of newsreels produced by the government-controlled film agency, LUCE
- Sport and summer camps
- Welfare to families in distress

d) Impact**i) Extent**

- Impressive membership: 281,000 in 1926, 1.7 million in 1931, 3.8 million in 1939 (about 80 per cent of salaried employees; 40 per cent of industrial workforce; 25 per cent of peasants). It was the largest and most active adult organisation. In the late 1930s it provided over four million holiday trips a year. Most villages, even in the South, had a Dopolavoro clubhouse.

ii) Influence

- It was the main point of contact with the industrial working class who were seen as potentially hostile; it was hoped that through it they might become more attracted to the regime.
- It diverted attention away from economic and social problems.
- It assisted management control over employees' leisure time.
- It placed less emphasis on self-improvement than its German equivalent Strength Through Joy.
- It did not foster a national community; often there was class segregation on trains, and cruise ships.
- The state helped develop mass leisure; elsewhere this was done by a consumer society.
- It was the Fascist state's most popular institution and survived the regime's collapse; in 1945 it was renamed the National Organisation for Worker Assistance.

SOURCE 7.27 Cyclists greet Mussolini during a rally organised by Dopolavoro

**Activity**

- 1 The historian Tannenbaum has described the OND as 'the most popular of all Fascist institutions'. What evidence is there in Chart 7N for this? How might this popularity be explained?
- 2 A Fascist Party official once criticised the OND for not campaigning enough, but Mussolini said, 'The important thing is that people are able to meet in places where we can control them.'
 - a) What does this show about Mussolini's priorities?
 - b) Might greater stress on propaganda have actually reduced the success of Dopolavoro?

Historians' assessments

SOURCE 7.28 De Grazia, in Cannistraro (ed.), 1982, p. 176

The initial aims of the regime, that of eliminating the oppositional Socialist 'state within a state', bringing the working population into the organisational purview [reach] of the modern state, and blunting social tensions in a period of intense economic crisis, were largely achieved by such organisational policies.

SOURCE 7.29 Whittam, *Fascist Italy*, 1995, p. 75

If Fascism hoped to create a forceful, militaristic society and to transform the average Italian into a new 'uomo Fascista' [Fascist man] then the OND not only failed to fulfil this mission, it had proved decidedly counter-productive. It was so popular precisely because it enabled millions of Italians to enjoy resources without the obligation of any full commitment to Fascist ideals and practice.

FOCUS ROUTE

Using the evidence available on pages 142–45, assess whether Italians were better off under Fascism. Consider:

- a) wages (money and real)
- b) personal consumption
- c) taxes
- d) government policy on unions
- e) migration
- f) diet
- g) welfare and leisure provision.

Did Fascism improve Italians' living standards?

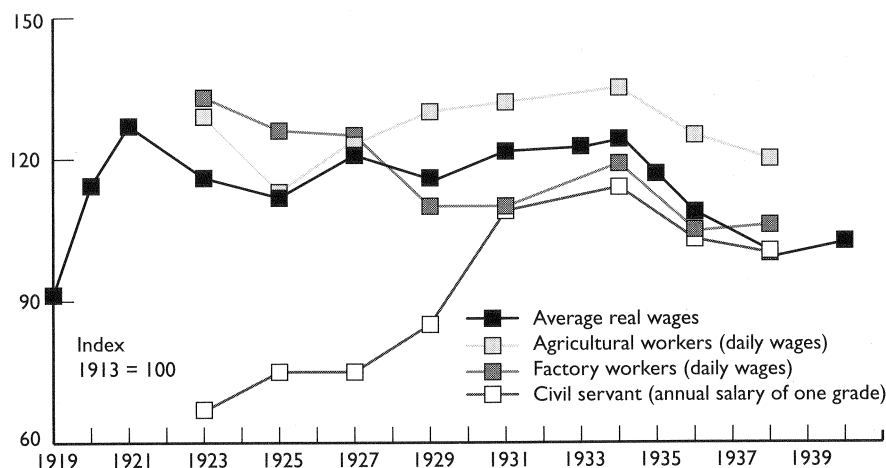
Elections these days are said to be won by 'the pound in your pocket'. This implies that if people feel their standard of living is rising they are likely to support the government. Mussolini did not have to worry about fair elections, but the acceptance of his regime would be influenced by people's day-to-day economic and social experiences. However, deciding how well off people are, or feel, is sometimes difficult.

Apart from the problem of what criteria to use when assessing living standards, there are difficulties with the nature of the available sources, and differing interpretations of them. This applies to both statistical and more impressionistic sources. The whole matter is further complicated by its political dimension. The Italian historian de Felice (see page 256) has substantiated his controversial claims about a pro-Fascist consensus by referring to rising working-class living standards. Both these assessments have been challenged by more recent historians like Corner and Abse who have found strong evidence of a decline in living standards from the revaluation of the lira through the Great Depression. The imposition by the government of wage cuts in 1927, 1930 and 1934 reduced wages below the cost of living; these were facilitated by the weakness of Fascist unions, and the unbalanced corporative structure. This serves to confirm the more negative assessment of Fascism's impact on working-class living standards.

Talking point

Is it easy to make simple statements about Italians' living standards in 1922–43? Why/not?

SOURCE 7.30 Average real wages 1923–38, and those of three particular groups



SOURCE 7.31 Annual per capita income and expenditure in lire (1938 prices)

	Per capita income	Private consumption	Public expenditure*
1926–30	2948	2545	179
1931–35	2902	2479	250
1936–40	3191	2522	369

*Covers government help to industry and armaments expenditure as well as welfare

SOURCE 7.32 Changes in government tax policy (% of revenue)

	1921–22	1931–32
Direct taxation	39%	28%
Indirect taxation	24%	29%

Activity

- 1 Study Source 7.30. What does it show about how hard it is to generalise about the Italians' standard of living under Fascism?
- 2 Explain how the 'other' factors (right) might have affected the standard of living.

Overall personal consumption increased by six per cent between 1925 and 1939, but fell by fifteen per cent between 1939 and 1942, and fell more dramatically between 1943 and 1945. There was a decline in the per capita consumption of meat, fruit, vegetables, fats, tobacco and coffee.

Emigration fell, due to restrictions in the USA and the world slump. There were other factors which influenced standards of living:

- Increased social security contributions
- Decline in female employment in the 1930s
- Lack of genuine trade union representation
- Autarky

SOURCE 7.33 D. Williamson, *Mussolini, from Socialist to Fascist*, 1997, pp. 67–68

Overall Italy was more prosperous in 1939 than in 1923. On average, the gross domestic product increased by 1.2 per cent per year, but this modest increase did not filter through equally to all sections of the Italian population.

The industrialists and the great landowners in the north of Italy profited most from Mussolini's regime, but the middle classes also gained stability and protection from Socialism and the threat of red revolution. Their savings, too, were guaranteed from inflation by Mussolini's stubborn insistence on defending the overvalued lira. By doubling the number of public employees, civil servants and teachers from 500,000 to one million, his regime was able to offer the more educated members of the middle classes secure jobs in the state service.

Mussolini was not so successful in helping the peasantry. Despite his constantly repeated slogan of giving land to the peasants, the low price of food in the inter-war period and the emphasis on growing grain at the expense of fruit, vegetables and wine ensured that in practice the number of small farmers declined from 3.4 million to slightly less than three million in 1931.

The industrial workers fared better under Fascism, although their unions were destroyed and the new syndicates were not nearly as effective in defending their interests against employers. In 1926 they had to work longer hours and between 1928 and 1924 there were wage cuts of about 25 per cent. Yet the workers did benefit from Italy's relatively speedy recovery from the Depression and the syndicates were successful in securing employment and welfare measures for their members... To compensate those who had lost eight paid hours of labour, family allowances were introduced. Employers also started to agree to Christmas bonuses and holiday pay by the end of the 1930s and to include accident and sickness insurance in pay settlements negotiated with their workers. These benefits, combined with leisure opportunities presented by the National Afterwork Agency (OND) helped allay working-class discontent with the regime. On the whole the workers accepted what was on offer without becoming supporters of Fascism.

For all Mussolini's claims to unify Italy the division between the industrialised North and the backward rural South continued to widen... The standard of living fell drastically in the South and by 1950 income per head was only 60 per cent of what it had been in 1924.

SOURCE 7.34 Tannenbaum, p. 100

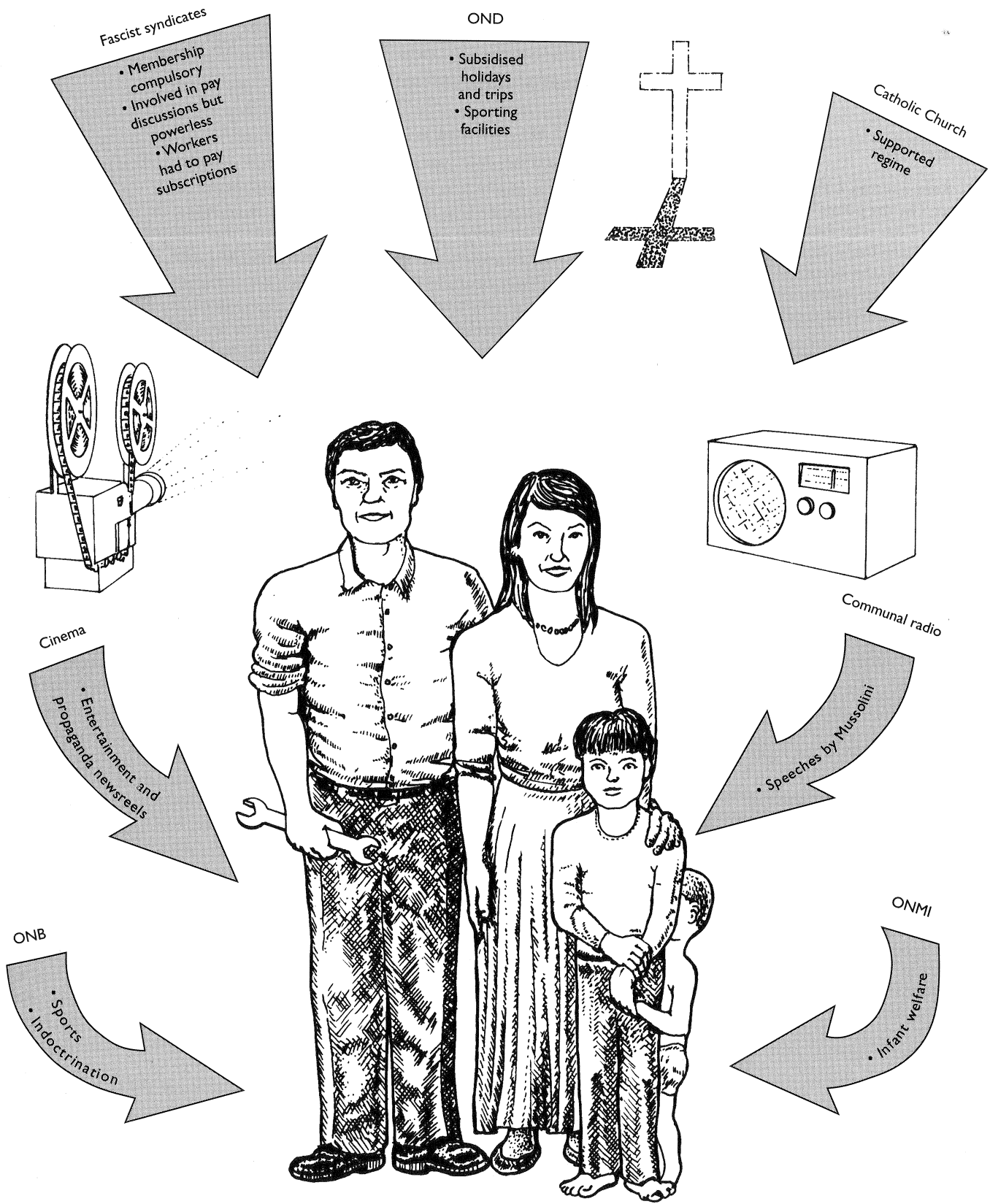
The Fascist regime had virtually complete control over the labour movement and very little control over the nation's economic structure. Like the MONARCHY, the Church and the armed forces, big business, both urban and rural, co-operated with the regime when it had to but never committed itself completely and ran its own affairs with very little outside interference. Neither Mussolini's government nor the Fascist corporations were ready to bully Fiat, Pirelli or the Bank of Italy. In collusion with these giants the regime destroyed Italy's independent labour movement and herded the nation's workers into its own unions. These unions were uniquely Fascist, not company unions and not really state unions either. They were the outstanding example of the way in which the regime pushed millions of little people around while merely barking, so to speak, occasionally at the rich and powerful.

Activity

1 Study Sources 7.30–34. Draw up an assessment chart to show what each social group gained and lost from Fascist rule.

Social group	Positive impact	Harmful impact

- Does Tannenbaum consider Mussolini balanced the interests of workers and employers as he claimed to?
- Study Chart 70. How might the diagram be different for a peasant family? Which influences might be stronger, which weaker?
- You are an international observer in 1939, researching living standards in inter-war Europe. Write a report on the achievements of the Fascist regime.



PLUS

- Sense of belonging to a great nation/empire
- Family allowances (1934 onwards)
- Winning the World Cup!

MINUS

- Periodic wage cuts
- Strikes banned
- Hours periodically cut
- Expensive bread
- No political power

J Review: How successful were Mussolini's economic policies?

Historians' assessments

Activity

- 1 Read Sources 7.35–38.
 - a) List the points made in support of the view that Fascism had a distinctively positive impact on the Italian economy.
 - b) What counterpoints are made?
 - c) What overall conclusions do you draw?
- 2 Look again at Mussolini's claims for the economy at the start of this chapter (page 125). Martin Clark has written of Mussolini: 'He relied on intuitions not appraisals; he mouthed slogans instead of analysing situations; he was obsessed with his own prestige rather than his country's interests . . .' Was this true of Mussolini's economic policies? Give reasons for your answer.

Talking points

- 1 Why is it important when assessing Fascist economic policy 1922–43 to consider what happened in the economy before and afterwards, and in other countries at the same time?
- 2 Do you think most people place 'bread and butter' issues, and national greatness, above political freedoms? If so, can this be used to justify Mussolini's policies?

SOURCE 7.35 Tannenbaum, p. 128

Economically Fascism was a failure. The most serious ideological and constitutional innovation of the regime, the Corporative State, did nothing to reduce class antagonisms or improve economic conditions; in fact it never functioned at all except on paper . . . Italy became almost self-sufficient in wheat production at the expense of the rest of her agriculture. IRI . . . served mainly to perform a salvage operation (not to stimulate economic growth) . . . Italy's performance (in conservation and recovery) was worse than that of any major country. The main reason for this bad performance was that Italy was poorer to start with, but the fact remains that the Fascist regime did more to hinder than to aid economic growth and modernisation . . . Even before the disastrous losses of the Second World War, growth in national income was retarded by restrictive cartels, discouragement of urban growth, the Battle of Grain, the spread of autarky and promotion of war industry.

SOURCE 7.36 C. Maier, *In Search of Stability*, 1987, pp. 94–96, 113

The rhythm of Italian industrial development does not, therefore, seem particularly tied to the Fascist regime . . . Fascist interventions were part of a longer pattern of periodic public initiatives . . . Italian Fascism . . . encouraged spurts of development when it came to power and as it switched to autarky. The Fascist experience produced few results in terms of modernisation that other governments might not have achieved . . .

The Italian Fascists took charge of a country still dualist in structure, still ripe for the major transformations associated with industrialisation. Nevertheless, the Fascists did not really succeed in pushing through structural changes outside the regions already on their way to development. Moreover, the governments before and after the Fascist era chalked up more impressive records. The Italian Fascists, in effect, presided over further advances, at a moderate pace, in the already modernised regions of the country. Likewise, their performance in terms of quantitative growth rate was typical of other areas. The regime enjoyed two growth spurts, 1922–25 and 1935–39; between the two, the Fascists suffered from the same stagnation that afflicted all the capitalist economies and that had repeatedly hobbled long-term Italian growth.

SOURCE 7.37 S. di Scalia, *Italy, From Revolution to Republic*, 1995, p. 245

Fascist economic policies had their failures, particularly in agriculture and in the field of wages. But those policies also stimulated important modern industries such as electricity, steel, engineering, chemicals and artificial fibres. Italy's profile began to resemble that of modern European countries to a greater degree than in the past.

SOURCE 7.38 M. Vajda, *The Rise of Fascism in Italy and Germany*, 1972

Under Fascist rule, Italy underwent rapid capitalist development with the electrification of the whole country, the blossoming of automobile and silk industries, the creation of an up-to-date banking system, the prospering of agriculture . . . Italy's rapid progress after World War II . . . would have been impossible without the social processes begun during the Fascist period.

FOCUS ROUTE

Let us review Mussolini's economic policy, first by assessing the key areas of the economy, then by looking at specific Fascist policies.

1 Draw up an assessment chart like the one below, identifying achievements and criticisms.

	Achievements	Criticisms
Agriculture		
Industry		
Transport		
Trade		
Employment		
Economic growth		

2 Draw up and complete a chart like this of more distinctly Fascist economic policies.

Distinctly Fascist policies	Examples/Measures	Effects (positive and negative)
Boost Italy's prestige		
Establish a new way of organising economic life		
Autarky		
Strengthen rural life		

Key points from Chapter 7

- 1 There was no distinctly Fascist economic policy; initially Mussolini adopted laissez-faire policies; later there was more government intervention.
- 2 Mussolini was prepared to distort the economy for the sake of his own, often unwise, priorities.
- 3 The Battle for Grain increased grain production but at the expense of the rest of agriculture.
- 4 The Battle for the Lira raised the value of the currency at the cost of harming industry and lowering wages.
- 5 Autarky, the major policy of the 1930s, was unwise given Italy's limited resources.
- 6 In the 1930s the state was forced to intervene more in the economy. The IRI helped rescue industries.
- 7 Mussolini claimed the Corporative State was a new Third Way, but it was more important for propaganda purposes than in its actual effects.
- 8 Public works and extended welfare reduced the impact of the Depression, but there was no systematic welfare system. OND provided subsidised leisure facilities.
- 9 Workers' living standards suffered as the regime favoured the employers.
- 10 Overall there was modest growth but no major transformation of the economy.

A look ahead

You have now studied Mussolini's political and economic policies that helped him secure his regime. You are now going to examine how he tried to use his position to create a nation of Fascists.