

## 8 *The Economy of the Corporate State*

### THE CHARTER OF LABOR

The Charter of Labor, proclaimed on April 21, 1927, provides a clue to the ultimate aims of Fascism in creating the Corporate State. This charter was not a well-defined law but an enumeration of principles which formed the basis of Italian economic legislation. It is worth quoting a few of the more significant articles of the charter.

*Article I.* The Italian Nation is an organism endowed with a purpose, a life and means of action transcending those of the individuals, or groups of individuals, composing it. It is a moral, political, and economic unit which finds its integral realization in the Fascist State.

*Article VI.* The legally recognized occupational associations ensure legal equality between employers and workers, maintain discipline in production and labor and promote the betterment of both.

The Corporations constitute the unitary organization of the forces of production and represent all their interests. . . .

*Article VII.* The Corporate State considers that, in the sphere of production, private initiative is the most effective and valuable instrument in the interest of the Nation.

In view of the fact that the private organization of production is a function of national concern, the organizer of the enterprise is responsible to the State for the management of its production. Collaboration between the forces of production gives rise to reciprocal rights and duties. The worker, whether technician, employee or laborer, is an active collaborator in the economic enterprise, responsibility for the direction of which rests with the employer.

*Article IX.* State intervention in economic production arises only when private initiative is lacking or is inadequate, or when State political interests are involved. The intervention may take the form of control, of assistance, and of direct management.<sup>1</sup>

Further articles included the regulation of the so-called collective labor contracts, worked out by the corporations; certain "labor

<sup>1</sup> Quoted in F. Pitigliani, *The Italian Corporate State*, The Macmillan Company, New York, 1934, Appendix A, pp. 245-250.

guarantees," such as the right to paid vacations for every employee who had worked for one full year; prescriptions for discipline; insurance, and social welfare. Even though this charter was issued at a time when Fascism was emerging from its obligations to capitalism, the possibilities of state control through the corporations is apparent. Like the Nazis, the Fascists tried to compensate the workers with various social welfare measures for the loss of their freedom of action. Like the Nazis, the Fascists maintained—on paper—the principle of individual enterprise while they curtailed it with supervisory measures and threats of control if management and labor did not comply with the policies emanating from the government.

This double-aimed policy toward capital and labor, which has become so typical of totalitarian government, was well brought out in Article III of the Charter of Labor where the declaration that "syndical and occupational organization is free," was followed by the statement that "syndicates legally recognized and subject to State control alone have the right to represent the whole category for which they are constituted." Furthermore, while it was stressed that elections of the representatives in the syndicates were free, the fact persisted that Fascist leaders did not permit any candidate to be elected who was not part of the Fascist hierarchical system. Thus they retained the hold of the party on the corporations. Voting was not secret. In an election by acclamation no one would have dared reject a candidate acceptable to the Fascist party or to its local representative.

It remains to be mentioned that individual disputes between labor and management were not to be settled within the corporations. For local arbitration, there existed labor courts somewhat similar to the German labor courts. Individual and collective cases could be negotiated, but the individual need not necessarily be represented by his respective association. As a matter of fact, many a plaintiff forewent the possible aid of his organization, fearing that the procedure would be too cumbersome. Thus by far the greater number of court cases were settled without the assistance of the associations. The dominant influence in the decision of the labor courts was that of the local Fascist representative, that of the employer being next in order of importance.

*THE SYNDICATES AND CORPORATIONS*

Mussolini repeatedly stressed the identity, in the economic sphere, of Fascism with the corporate state which rested upon the principles of *syndicalism* and *corporativism*. The attempt to explain these terms is hazardous because, in economics as in other fields, Fascist policy was based on expediency and opportunism rather than on preformulated doctrine. The corporate state was a process of growth, still incomplete when Fascism collapsed.

Fascist workers' syndicates gradually superseded the former labor unions which were dissolved. These unions were denounced by the Fascists as working against the state for their own selfish purposes and fostering the class struggle. Therefore, the Fascist syndicates were organized and came to be the sole legal representatives of the workers. They were incorporated into the Fascist state. The industrialists were forced by the government to recognize the syndicates as the sole representatives of the workers. On the other side, the Confederation of Industrialists, also legally sanctioned by the government, was to be recognized by the syndicates as the only rightful representative of industrial management.

The Fascists claimed that membership in the syndicates was not compulsory. Yet it became evident that not to be a member would be tantamount to ostracism—social, political, and economic. Only members of the Fascist party could become officers of the syndicates and they were subject to strictly defined qualifications. This policy was formalized by the Palazzo Vidoni Decree of October 2, 1925. Following this first step, the Fascist state went on to overcome the remnants of liberalism in the social and economic spheres. True to its totalitarian doctrine, Fascism could not tolerate any socioeconomic organization outside its reach.

Whenever questions of importance for the respective syndicates or employers' federations arose, their representatives met and negotiated under the supervision of government agents. In the beginning, the workers lost many points; however, the more Fascism threw overboard its dependence on the propertied groups, the more its decisions were determined by the policies of the Fascist state rather than by any of the factions.

The organization was still a loose one; the establishment of cor-

porations between 1930 and 1934 was a further step toward the total control of economic life. The word "corporation" has different meanings in Italian and in English. In America, a corporation is a legally constituted enterprise, usually private in character, which has a charter of its own and conducts its business accordingly. It is not controlled by the government, save in times of emergency like war and to the extent that national planning may be imperative. It remains subject to common law and does not imply the organization of either employers or workers.

In Fascist Italy, a corporation was a public body representing one of the twenty-two branches of industry and agriculture on the basis of a compulsory organization. Each corporation consisted of three groups: (1) the employers' federation; (2) the syndicate of employees; (3) the government appointees safeguarding the "interests of the state." In this tripartite setup of the corporations, employers and employees had to listen to and comply with the orders of the government. Although the Chamber of Corporations may impress unwary observers as a gigantic arbitration board, in reality it served a number of purposes outlined by Fascist legislation.

Italy, with inadequate supplies of natural wealth, vital foodstuffs, and raw materials cannot hope ever to become self-sufficient. Consequently, long-range planning assumes for her particular importance. A planned economy became even more necessary with the belief of Fascism in war as the ultimate solution of the ideological and economic crisis throughout the world. To avoid any flaw in the Fascist production schedule, work conditions had to be regulated through the corporations; wage scales for every job specialty had to be determined as well as the number of hours, working conditions, increments, wage cuts, overtime, and recreation.

The corporations played a vital role in the rigid price-control policy of the Fascist government. The liberty of ordering an increase or decrease in wages or an increase in working hours naturally had a great influence upon the prices of manufactured products in industry and agriculture. Fascism, it should be emphasized, restricted free private capitalism and drifted more and more toward state capitalism, especially after 1930.

There existed corporations for the following economic groups:

cereals; fruits, vegetables, and flowers; wines and edible oils; husbandry and fisheries; lumber and forestry; textiles; clothing trades; metals; machinery; liquid fuels; chemical trades; paper, printing, and publishing; building; water, gas, and electricity; mining and quarrying; glass and pottery; banking and insurance; internal communications; sea and air transport; public entertainment; hotel industry; professions and arts.

There was a numerical equality of the representatives of the employers' federation and of the syndicates. But it is doubtful to what extent workers were really represented by the syndicates' officers since the latter were not necessarily workers themselves. The interests of the public, the "consumer," were taken care of by three moderators who were members of the Fascist party. Although the corporations were part of the Fascist state, their relationship to the state was never fully clarified. Would they arbitrate only, or would they also become instrumental in introducing new social legislation? Would they be nothing but the tool of the Fascist party or would they be permitted to coordinate their creative ideas? Would the state dominate the corporations or ultimately the corporations the state? Could not the corporations become so large and powerful that they might finally overrule the state?

The demise of Fascism has left these vital questions unanswered. The power of the corporations was growing rapidly and their officially regulated economic collaboration with each other was likely to strengthen their influence even more. This strength might eventually have proved to be a boomerang for the Fascist government because, if the corporations had any reason for existence, they had to be given great power; if these powers were not made available, corporatism would have lost its dynamics and soon become obsolete.

For the Fascist state, the corporative idea was a subsidiary means subjugated to an essentially political purpose. Yet, it may be pointed out that, if the economic complexity of contemporary society is to lead to some compromise between the antagonistic forces of individualism and collectivism in the form of voluntarily accepted cooperation, the study of the technical aspects at least of corporatism may well afford useful and important suggestions for the organization of the future world.