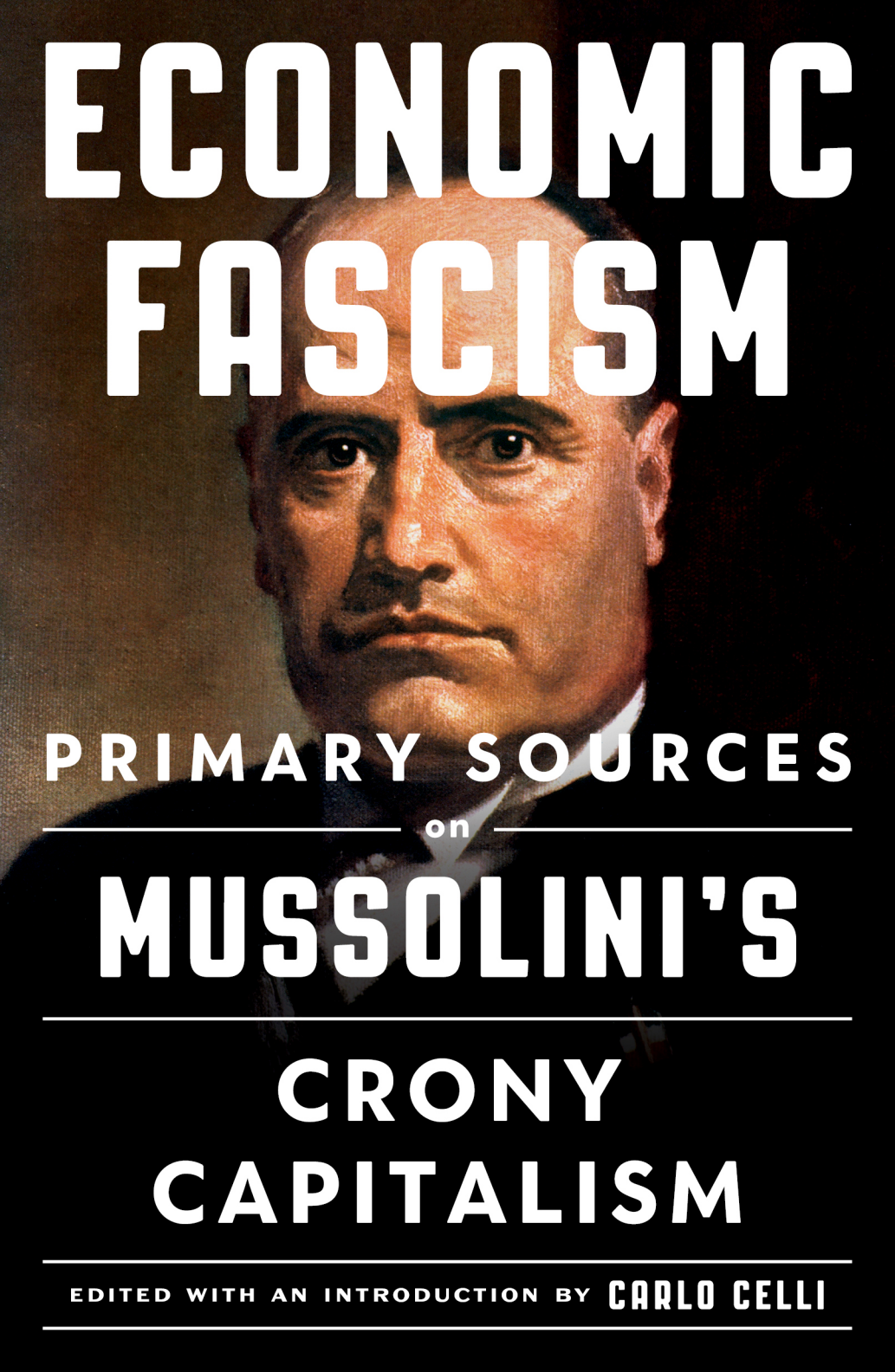


ECONOMIC FASCISM

A close-up, high-contrast portrait of Benito Mussolini, looking directly at the viewer with a serious expression. The lighting is dramatic, highlighting his facial features against a dark background.

PRIMARY SOURCES

on

MUSSOLINI'S

CRONY CAPITALISM

EDITED WITH AN INTRODUCTION BY CARLO CELLI

Economic Fascism

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Carlo Celli



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Library of Congress Cataloging-in-Publication Data

Economic fascism : primary sources on Mussolini's crony capitalism / edited, with an introduction, by Carlo Celli.

pages cm

Includes bibliographical references and index.

ISBN 978-1-60419-076-2 (pbk. : alk. paper) 1. Italy—Economic policy. 2. Italy—Economic conditions—1918–1945. 3. Fascism—Italy. I. Celli, Carlo, 1963—editor of compilation.

HC305.E315 2013
335.60945--dc23

2013016987

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Introduction

BENITO MUSSOLINI (1883–1945), fascist dictator of Italy (1922–1943), did not have a formal background in economics. He attended elementary school and then a college run by strict Salesian friars from which he was expelled, an experience that seems to have influenced his early anticlerical politics.^{a*} He then attended a normal school and attained a certificate as an elementary school teacher.¹ After emigration to Switzerland in 1902, he worked as a laborer and journalist and became deeply involved in the international socialist movement. Mussolini's potentially influential brush with formal economics came when he attended

* Notes in this book are of two sorts: footnotes (indicated with a boldface lowercased letter), which are generally explanatory in nature and found at the end of the chapter; and endnotes (indicated by a numeral), which are generally citations and are found at the end of the book beginning on page 315.

courses at the University of Lausanne taught by Vilfredo Pareto, an Italian who was one of the premier economists of the period.^b Once Mussolini took power in 1922, an appointment as senator for life was in store for Pareto, who died shortly thereafter in 1923.

Pareto is mainly known for the theory of Pareto optimality and the 80-20% distribution—the proposition whereby 20% of a population produces 80% of results (good or bad) in economic activity.² Mussolini, however, seems to have been more influenced by Pareto's work in sociology. In particular, he focused on Pareto's historical and sociological theory that history represents a succession of dominating elites with the bourgeoisie having substituted for the clergy/nobility and the proletariat eventually to substitute for the bourgeoisie.^c Paretian sociology was one of the germ cells for Mussolini's political movement, fascism, which sought to gain a foothold in proletarian constituencies through a cocktail of nationalism and socialism.

Mussolini edited the Italian Socialist Party newspaper *Avanti!* (Forward!) 1912–1914 before splitting from the socialists over Italy's entry into World War I and aligning himself with nationalists who favored intervention. After the war, political competition for proletarian voters was intense with the country in a state of near civil war. In this climate Mussolini's black-shirted *fasci di combattimento*^d (combat groups) proved the most adept at using violence to attain political goals.

Not long after entering into Parliament as a deputy in the election of 1921 and the fascist march on Rome in 1922, Mussolini became Prime Minister. The murder by fascist abductors of socialist deputy Giacomo Matteotti (1885–1924) on June 10, 1924 is widely seen as the turning point in which fascism turned into a totalitarian dictatorship. Matteotti was murdered after delivering a speech in Parliament condemning fascist violence and voter fraud in the aftermath of controversy surrounding the adoption of the Acerbo Law in 1923. This law assigned 2/3 of representatives to the largest party receiving over 25% of the vote, paving the way for a fascist supermajority to install Mussolini as dictator.

In the competition for the proletarian vote immediately after World War I, Mussolini distinguished himself from the Socialist Party by attacking its alliance with Russian Bolshevism in the “Birth Act of Fascism” (1919) speech in Milan at piazza San Sepolcro. However the first fascist party platform, the “Program of the *Fasci di Combattimento*” (1919) was economically progressive with demands for a minimum wage, worker participation in industrial management, an 8-hour workday, progressive taxation, confiscation of church property, an 85% tax on war profits, and lowering of the retirement age.

The fascist concept of corporativism, which initially meant a system in which party loyalist appointees representing labor categories replaced traditional trade unions, was a further attempt to lure socialist

trade unionists and Marxist/Leninist worker council members into the fascist party and thereby promote fascism as an alternative both to capitalism and socialism/communism.³ Fascist Corporativism grew out of the thought of Alceste De Ambris (1874–1934), an early participant in the fascist movement, who had written *The Carnaro Charter* with Gabriele D’Annunzio during the 1919–1920 Italian Regency of Carnaro occupation of the Adriatic coastal city of Fiume.^e In Mussolini’s application of Pareto’s sociology, control over worker organizations would be an integral part of the creation of a post-bourgeois elite.^f

Under fascism unions would be state-controlled as described in the documents and speeches in the present volume: “The Labor Charter” (1927), “Law Establishing the National Council of Corporations” (1930), and “To the National Council of Corporations” (1930).^g Eventually fascism would attempt control of all of the economy. What principally distinguished it from socialism was that the state would control the economy indirectly rather than directly. In today’s terms it was a kind of crony capitalist, oligarchical system in which concerns would not necessarily be appropriated so long as they towed the line and showed they knew who was boss. Many elements of the same system can be seen in the early 21st century in post-Communist Russia and Communist China, or any nation where a government has taken an activist, ownership role in the economy.

Early fascism included statements that were economically liberal in the classical sense. Alberto De Stefani (1879–1969), Mussolini’s Finance Minister from 1922–1925, favored some laissez faire policies later dropped by the regime.^h In the “Program of the National Fascist Party” (1921), one plank calls for a “return to private industry of industrial concerns in which the state has shown itself to be inept, especially telephones and railways” and the “abandonment of the monopoly of the mail and telegraph so that private initiative can integrate and eventually substitute state service.” But fascist economic policy permitted genuine private enterprise only to the point that a particular economic activity did not interest the state. In 1939, the regime replaced the Chamber of Deputies with a legislative body called the *Camera dei Fasci e delle Corporazioni* (Chamber of Fasces and Corporations) comprised of party loyalist corporative appointees representing every labor category. As Mussolini stated in his speech, “Plan for the New Italian Economy” (1936), “the fascist regime does not intend to nationalize, or worse bureaucratize, the entire national economy, it is enough to control it and discipline it through the corporations.” That said it all.

The theoretical and philosophical basis for state control is contained in the “Doctrine of Fascism” (1932), penned behind the scenes by the regime’s official philosopher Giovanni Gentile (1875–1944). This is an important document denying economic free will, individualism, and classical liberalism in favor of a totalitarian

state. Economic activity would be controlled through the corporative system thought by Mussolini to be the culmination of the process of political/societal transformation begun by the French Revolution, another revolution that developed in a totalitarian and dictatorial direction. Gentile writes, "The fascist conception of the state is all-embracing; outside of it no human or spiritual values can exist, much less have value. Thus understood, fascism is totalitarian, and the fascist state—a synthesis and a unit inclusive of all values—interprets, develops, and potentiates the whole life of a people." In his "Ascension Speech" (1927) Mussolini famously summed it up: "Everything in the state, nothing against the state, nothing outside the state."

Fascism's goals, both political and economic, were radically nationalistic and would lead to the grave political and military miscalculations that brought Italy to destruction in World War II. Under Mussolini's dictatorship, nationalism flowed into economics through autarky (national self-sufficiency). Autarkic policies were trumpeted by the regime as a series of national economic "battles": grain, gold, swamps, births, lira. Each of these was intended to mobilize public action and sentiment towards the goal of national economic self-sufficiency. The attempt to correct Italy's trade imbalances is minutely outlined in the speech "The Defense of the Lira and Problems with Exports" (1926) in which Mussolini examines the trade balance for most every product of weight in the Italian economy. Autarkic policies

also fit into the global trend towards trade protectionism during the interwar period that brought a sharp decrease in worldwide trade and the deflationary cycle in the 1930s. Autarky was further intensified in reaction to economic sanctions imposed on Italy by the League of Nations following the invasion of Ethiopia (1935–1936)—as described in Mussolini’s speech, “Plan for the New Italian Economy” (1936).

The scholarly consensus that autarky was largely unsuccessful is borne out by statistics over the 20-year period of fascist rule reproduced in the appendix of this volume. A main target of the regime’s autarkic policies in both propaganda and legislation were imports and exports. Formal autarkic policies are outlined in Mussolini’s speech, “The Defense of the Lira and Problems with Exports” at the inauguration of the National Export Institute in Rome July 8, 1926, and there was a significant drop in imports between 1925 and 1926.⁴ However, in terms of overall current balance, the difference between exports and imports, the initial more *laissez faire* policies of the regime under De Stefani saw the negative balance of 1922 reach positive territory by 1924. The regime’s initial forays into autarkic policies in 1925–1929 coincide with a return to negative overall current balances with deficits in 1928 and 1929 higher than those from 1922, Mussolini’s first year in power. There were positive trade balances in 1931, 1932, and 1936, with negative levels in all other years, culminating in a 1940 level higher than the initial 1922 deficit.⁵

As Federico reports, if the year 1932 is compared to 1939 there is actually a 25% increase in imports.⁶

Clearly the attempt to replace imported goods with domestic products (e.g. substituting alcohol-based fuels for petroleum or synthetic and alternate fiber for cotton) did not have a consistent, positive effect on Italy's balance of trade. The one area in which autarkic policies had a notable effect was in grain production, an effort promoted in the speech, "For the Battle of Grain" (1925). It has been argued that the regime's push for raw material and product replacement did spur technological innovation.⁷

Trade restrictions are one kind of "beggar thy neighbor" policy. Currency devaluation to increase exports is another. But Mussolini sought a strong currency as an expression of national prestige, especially in reaction to the devaluations following World War I. In "Industrial Reconstruction" (1935), the comment appears, "some powerful countries have found no other solution to exit from the straits of the crisis other than monetary devaluation (which is convenient since it deadens vitality and delays settlement of the crisis until the future)."

Mussolini's regime is generally credited with stemming the tide of post-World War I currency debasement and inflation. Mussolini developed something of an obsession with currency devaluation/stabilization, attempting to fix the value of the lira against gold and particularly against British sterling at "quota 90" or 90 lire to one pound sterling as described in the

“Ascension Speech” (1927). He favored a gold standard as stated in “The Economic Situation” (1934), and at times claimed to pursue government austerity measures as in “The World Economic Crisis” (1930). Just to mix things up further, he also hoped to rely on clearing arrangements—negotiations between countries whereby larger scale imports and exports were determined by exchange agreements between governments.⁸

Mussolini was opportunistic and what he said did not necessarily accord with what he did. He spoke convincingly about government debt reduction in his speech, “To the National Council of Corporations” (1930) as well as in “The Economic Situation” (1934) where he declares,

We cannot indebt ourselves because all of the money that goes to the state is subtracted at a defined rate from the economy of the nation. To follow the history of the budgetary surpluses and deficits is to follow the history of the nation.

However comparison of the data in the appendix of this volume for government expenditure and total tax revenues reveals that with the exception of a few budgetary years (1925, 1926, 1929, and 1930) when revenues approached spending levels, Mussolini’s regime ran high budget deficits with mounting expenditures for public works, social programs, and military buildup, particularly after 1936. Government expenditures alone decreased

from 1922 to 1925, increased in 1928, dropped sharply in 1929, then fluctuated before the violent increases of World War II.⁹ Revenues on the other hand remained steady between 1922–1936, increasing thereafter.¹⁰

Mussolini's speech "Senate on the Bill Establishing the Law on the Corporate State" (1934) outlined monetary policy with an eye to the previous lessons of currency devaluations such as the French *assignats* and the German hyperinflation. Banknote circulation remained stable from 1922–1926, falling thereafter, reaching lows in the years 1932, 1933, and 1934. A sharp rise began in 1935 and steady increases beginning in 1938 presaged the massive increases of World War II.¹¹ Evidently the regime sought to prop up the economy by printing money.

Interest rates were relatively steady averaging 6.88% for the period between 1924–1929 and falling to an average of 4.83% for the period between 1930–1939. Government bond yields averaged 5.68% from 1924–1929 and fell to a 4.74% average from 1930–1939.¹² As Mussolini describes in "The Economic Situation" (1934), there were inflationary pressures in the Italian economy from 1922 to 1926 and deflationary pressures from 1930–1934 with wholesale prices reaching lows in 1934 before increasing in 1938 and exploding during World War II, a trend which would continue in the early post-war period.¹³ Cost of living consumer price indices followed a similar pattern.

Mussolini's most enduring economic legacy in Italy stemmed from a collaboration with minister Alberto

Benduce (1877–1944). Together they created the IMI (Istituto Mobiliare Italiano), a state agency for industrial financing; and even more important, the IRI (Institute for Industrial Reconstruction) in 1933, a state industrial holding company with a mandate to liquidate, bailout, refinance or reorganize failing companies.¹⁴ The IRI continued to function until the year 2000 and was at times one of the largest holding companies in the world.

“Industrial Reconstruction,” one of the documents included here listing Mussolini as author but not necessarily written by him, outlines the manner in which state-controlled agencies collaborated with or even assumed control of private industry. “The World Economic Crisis” (1930), provides specific examples of companies that fell under state supervision according to the dictates of politics and fascist reasoning. “The Economic Situation” explains how Mussolini created the IRI in response to the banking crisis from World War I in which banks and the Italian financial system had become insolvent following drops in the prices of equities used as loan collateral. Mussolini’s comments regarding banking reform are somewhat limited, although there were two major bank reforms implemented during Mussolini’s dictatorship. In 1926 the regime established the Banca d’Italia as Italy’s central bank and sole issuer of currency. In 1936 a further banking reform was instituted in response to the failure of Italian banks in the wake

of the post-1929 crisis. This separated credit institutions into savings and loan institutes and long-term financial institutes.¹⁵ Mussolini offered some revealing comments in the context of the post-war bailouts and the expanding role of the IRI:

Those who still talk about a free market economy make me laugh, laugh and cry at the same time. Three quarters of the Italian industrial and agricultural economy are under the arms of the Italian state. If I were noncommittal (which is not the case) about bringing state capitalism or state socialism to Italy, which is the other side of the coin, I would objectively have the necessary and sufficient conditions to do so.

The numbers of unemployed increased dramatically from 1925 to 1929 with a further rise in 1933 and 1934, decreased from 1937–1939.¹⁶ Industrial disputes (strikes) decreased dramatically. 400 thousand workers were involved in 1922. This fell to the teens by 1927 and fell even further to 3 thousand in 1928–1930 and to around 600 from 1932–1936.¹⁷ Evidently the institution of the corporate state effectively neutralized Italian trade unions by making them servants of the state.

Industrial wages were relatively steady from 1922–1929, declined in 1931–1936, and experienced a slight recovery in 1937 and 1938, although they did not reach pre-crisis levels.¹⁸ A similar trend is evidenced

for agricultural wages.¹⁹ Industrial production was one of the gravest challenges facing the regime. It did not reach the 1913 (pre-World War I) level until 1937, then plateaued until the catastrophic declines during World War II.²⁰ Strict controls over the economy perhaps staved off the sort of precipitous drops in gross national product experienced by other countries during the post-1929 economic crisis.²¹

Mussolini himself raises the question of the reliability of statistics in his speech “The Defense of the Lira and Problems with Exports” (1926) at the inauguration of the National Export Institute in Rome. He is mostly concerned with how different nations report differently. But there is also the question of how much we can trust his government’s figures or his own reporting of them. When Mussolini speaks about the government deficit in 1930 in “The Economic Policies of the Regime,” the debt figure he reports of nearly 1 billion lire at least concurs with statistics in the appendix of this volume. However in a similar speech from 1934, “The Economic Situation,” the 4 billion lire for government deficit Mussolini reports differs from statistics in the appendix which show 1934 government expenditures at 28 billion and revenues at 18 billion.

As Mussolini’s imperial goals became clearer, he outlined a military industrial complex in “Plan for the New Italian Economy” (1936). In “The Birth Act of Fascism” (1919) he had decried the iniquity of British imperialism that prevented nations like Italy not already in the

imperial club from gaining access to the alleged profits of colonialism. Just as the bourgeoisie were to be replaced by the proletariat according to Mussolini's reading of Paretian theory, Mussolini's "fascist" Italy would replace "plutocratic" nations.

As World War II approached, the regime stepped up its propaganda favoring imperial expansion and domestic social justice—goals to be achieved through the corporative state. In a speech "To the Workers of Milan" (1934), Mussolini stated:

What does higher social justice mean? It means guaranteed work, fair wages, decent homes. It means the possibility of continuous evolution and improvement. Nor is this enough. It means that the workers must enter more and more intimately into the productive process and share its necessary discipline.

In "Plan for the New Italian Economy" (1936), he continued:

As for large industry working directly or indirectly for national defense with capital accumulated through stock issuance or industry that has developed to the point of becoming capitalist or super capitalist, these pose problems that are not just economic, but of a social nature. These will

be organized into large units according to what are defined as key industries and will take on a unique role within the orbit of the state. This operation in Italy will be facilitated by the fact that through the IRI the state already possesses large shares and even the majority of stock holdings in the main industrial groups involved in national defense.

Mussolini's other projects famously included land reclamation and demographic programs. The former is captured in the slogan: he drained the marshes and made the trains run on time. The latter is illustrated by the "Ascension Speech" (1927) which focused on increasing birthrates. The regime created a national statistical bureau, the ISTAT, in 1926 primarily to produce demographical data. For Mussolini, increasing the Italian population was central to plans for military and economic expansion. However, policies to increase birthrates were never successful. Births per thousand declined from 30 in 1922 to 25 in 1929, 23.6 in 1939 and 18.3 in 1945. There is similar data for marriages, another area of interest to the regime, which declined from 19.2 per thousand to 14.2 in 1929 with a slight increase to 17.4 in 1937. In this brief period known as the *anni del consenso* (the years of consensus), the populace came to believe that the regime's bellicose policies following the conquest of Ethiopia were attenuating and a time of relative peace and prosperity lay

ahead. Events proved otherwise and marriage rates declined back to 14.6 in 1939 and 12.8 in 1945. Emigration, another source of population decline, decreased from 1,370,000 for the decade of 1921–1930 to 235,000 for the decade of 1931–1940. However this decline is in part attributable to the effects of the post-1929 crisis that had a negative effect on demand for unskilled labor worldwide, thus discouraging emigration.²²

Actually, if compared to other totalitarian regimes such as Nazi Germany, Soviet Russia or Communist China, one area of demographics where the fascist regime can claim some credit is in deaths per thousand. These declined steadily from 18.1 in 1922 to 13.4 in 1939.²³ Totalitarian governments have an historical tendency to commit democide, the mass murder of their own people even during peacetime; Mussolini was less murderous than his totalitarian dictator colleagues.²⁴ He did however persecute those deemed *personae non grata*. Presaging the deportations of World War II, in 1938 the regime passed the racial statutes that limited Italian Jews' rights to business and land ownership, employment in public office, and school attendance among other restrictions of economic freedom and civil liberty.²⁵

In the interwar period Italy suffered periods of inflation, currency debasement, and deflation with the stabilization of interest rates in 1925–1926. The culture of violence exemplified in Mussolini's political and economic thinking had roots in World War

I. His fascism provided the political theater for the reestablishment of a wartime economy in which the goods produced and imported were directed by government decree or influence.

It is arguable if Mussolini's immense efforts to control and intervene in the Italian economy ultimately had much aggregate effect in terms of imports/exports, GNP, or demographics. An exception was creating the apparatus of state-controlled entities like the IRI (1933) or welfare agencies like the INPS (*Istituto Nazionale Previdenza Sociale*, 1933), the equivalent of the American Social Security Administration, which would remain part of the Italian government and economy after the fall of the regime. In general, Mussolini's pattern of crony capitalism replaced socialist ideas of outright state ownership of production with indirect control of financial and industrial sectors through state holding entities like the IRI and IMI; and featured direct control of labor through the corporative state and fascist unions. Mussolini built on what the monarchs of Europe had done for centuries with methods of propaganda, violence and coercion which were either new or intensified.

The documents in this collection are presented chronologically and thus form a kind of autobiographical narrative. The first entries reveal Mussolini around the time of the founding of fascism. The documents from the 1930s present a consolidated totalitarian regime seeking legitimacy in economic policies and promulgating

the corporative state as an alternative to capitalism and socialism/communism.

Mussolini would try to return to his revolutionary roots after being deposed as dictator in 1943 following the Allied invasion of southern Italy. At that time, he was rescued and reinstalled by Hitler's Nazi Germany as leader of the Italian Social Republic headquartered in northern Italy, effectively splitting Italy in two as Allied armies pushed slowly northwards. The final entries, "Preliminary Remarks for the Creation of the New Structure for the Italian Economy" (1944) and the fancifully titled "Twenty Year Logical Development of the Fascist Doctrine" (February 24, 1944) show the organization of the fascist wartime economy under the Italian Social Republic and Mussolini's attempt to return to earlier progressive and revolutionary themes by looking back to the early documents of fascism such as "Program of the *Fasci di Combattimento*" (1919).

Footnotes

- a. Mussolini's politics and beliefs were subject to his goals to attain and retain power and his early anticlericalism is no exception. On February 11, 1929 Mussolini's regime signed an agreement, a Concordat, with the Roman Catholic Church formalizing the territory of the Vatican and establishing Roman Catholicism as the official state religion of Italy.
- b. Pareto apparently did advise Mussolini on the dangers of becoming a dictator. Mussolini writes in 1924, "Beyond a certain limit the good that a dictator can do becomes harmful. This is why I, as a tyrant, renounced full power on December 31, 1924. This same advice came from one of my most illustrious teachers Vilfredo Pareto. Every regime contains

its own justifications as long as it does not go beyond its objective historical requirements, beyond which it becomes a political anachronism.” Benito Mussolini, *Opere omnia*, vol. 20, Florence: La Fenice, 1959, 212.

- c. In 1908 Mussolini, then a journalist, wrote, “Vilfredo Pareto? He has perhaps the most ingenious sociological idea of modern times. History is nothing but a succession of dominating elites. Just as the bourgeoisie substituted the clergy and the nobility—in the possession of wealth and political domination—so shall the bourgeoisie be substituted by the proletariat. The new social elite is forming today in its unions, in its laws, in its workers’ confederations, the nuclei of future economic organization with a communist foundation. While the bourgeoisie revolution maintained classes, the proletarian revolutions will eliminate them.” Mussolini, “La disoccupazione” in Benito Mussolini, *Opere omnia* vol. 10, Florence: La Fenice, 1952, 128.

There are many accounts of the violent manner in which fascism rose to power from the March on Rome (1922) to the consolidation of power and dictatorship. One of the most readable and interesting for the details provided about competing political factions of the period is by Peter Tompkins, *Dalle carte segrete del duce*, Italia: Il Saggiatore Tascabili, 2010.

- d. *Fasci di combattimento* has been variously translated as “fighting bodies,” “fight groups,” “combat leagues” none of which convey the proximity of the Italian term to the eventual name for Mussolini’s political party, fascism (*fascismo* in Italian) from the Latin *fascis*, a bundle of sticks tied under an axe which was an ancient Roman symbol of judicial authority borne by lictors (bodyguards of magistrates) used for carrying out sentences.
- e. The occupation of Fiume (modern day Rijeka in Croatia) (1919–1920) brought together war veterans upset that the terms of post-World War I peace treaties did not recognize Italy’s claims to the Adriatic coastline. The political theater developed at Fiume under D’Annunzio such as the Roman salute, the skull and cross bones insignia of the black-uniformed *arditi* shock troops, would be fundamental for the development of fascism and later of Nazism.

Besides corporativism, Alceste De Ambris's involvement in the early stages of fascism included position papers on the formation and economic reasons for the creation of the *fasci di combattimento*. See Alceste De Ambris, *I postulati dei Fasci di Combattimento. L'espropriazione parziale*, Bergamo: L'Assalto, 1919.

- f. The Italian fascist, communist, and socialist parties were in keen competition during and after World War I. Mussolini had been a leading figure in the Italian Socialist Party and the editor of the socialist party newspaper *Avanti!* (Forward!) until he split with the socialists over entry into the war and founded his own newspaper *Il Popolo d'Italia*. The Italian Socialist and Communist Parties would split in 1921 when Antonio Gramsci (1891–1937) founded the Italian Communist Party.
- g. Some of the documents herein were not entirely the work of Mussolini such as the “Doctrine of Fascism” written by the regime’s official philosopher Giovanni Gentile (1875–1944) with footnotes of quotes from Mussolini; the “Program of the *Fasci di Combattimento*” written by Cesare Rossi and appearing in Mussolini’s newspaper *Il Popolo d'Italia*; “The Labor Charter” written by Alfredo Rocco; or “Industrial Reconstruction.”
- h. Throughout the documents herein the term “classical” has been added to the terms *liberal*, *liberalism*, etc. in order to convey the meaning of the word intended by Mussolini which was closer to *laissez-faire* which is the opposite of contemporary American usage of the term “liberal.”

Chapter One

Birth Certificate of Fascism at Piazza San Sepolcro (1919)

— EXCERPTS —

A SPEECH BY MUSSOLINI at Piazza San Sepolcro in Milan on March 23, 1919; those present later had the status of being *sansepolcristi*, sort of “founding fathers” of fascism. The first part of the speech deals specifically with nationalism and militarism and the repercussions of World War I. The second section, reproduced below, introduces a basic economic vision that contrasts Mussolini’s fascism with what he dismissively calls the “official” socialism of the Italian Socialist Party. Mussolini attracted those apprehensive of the Bolshevik revolution in Russia and those

disaffected by the terms of the World War I peace treaty, which did not recognize Italy's claim to former Venetian possessions on the eastern Adriatic coast. The poet Gabriele D'Annunzio moved to the port city of Fiume and founded the short-lived Regency of Carnaro under a constitution written with Alceste De Ambris, the Charter of Carnaro, which proposed a corporative system whereby electoral representation was organized according to professional category. Mussolini would make use of these political currents and economic proposals for the later formation of a formal fascist political party.



We have 40 million inhabitants on a land surface of 287,000 square kilometers separated by the Apennines that reduces even further the productive capacity of our territory. Ten to twenty years from now we will number 60 million. We have only a million and a half square kilometers in the colonies, mostly sandy, where we certainly cannot send our excess population. But if we look around and see England with 47 million inhabitants has a colonial empire of 55 million square kilometers. France with a population of 38 million inhabitants has a colonial empire of 15 million square kilometers. I could go through the figures of all the nations of the world, including Portugal, Holland, and Belgium. All value their colonial empires and are certainly not interested in giving them up because of any of the ideologies coming from

beyond the ocean. Lloyd George speaks openly about the English Empire.^a Imperialism is the foundation of life for every people that intends to expand economically and spiritually. What differentiates imperialisms are the means of action,^b for we will never choose the method of barbarian invasion as perpetrated by the Germans. Let us declare that either everyone is an idealist or no one is. After all, one must look after one's own interests. This does not mean that those who are doing well should preach idealism to those who are suffering, which would be simple enough. We want our place in the world because it is our right.

Let us reaffirm here the organizational postulate of the League of Nations as part of today's agenda, for it is ours as well. But let us also understand one another. If the League of Nations needs to act as a designated "swindler" for rich nations against proletarian nations in order to set into place and perpetuate present conditions of global balance of power, then let us take a good look in each others' eyes. I understand perfectly that the established nations can demand premiums to ensure their present opulence and current position of dominance. But this is not idealism. This is to their advantage and in their interests.

... We do not need to place ourselves programmatically on a revolutionary level because in an historical sense we have been there since 1915. It is not necessary to propose an overly analytical platform, but we can state that bolshevism would not frighten us if it could

be shown to guarantee the greatness of a people and that its rule is better than others.

By now it has been irrefutably demonstrated that bolshevism has destroyed economic life in Russia. Over there, economic activity from agriculture to industry is completely paralyzed. Shortages and famine rule. Furthermore, bolshevism is a typically Russian phenomenon. Our western civilizations, beginning with Germany, are adverse to it. We declare war on socialism, not because it is socialist but because it is against the nation. Just what socialism is, its tactics and platform may be discussed by anyone, but the Official Italian Socialist Party has definitely been reactionary, absolutely conservative and if its thesis were to triumph, there would be no possibility of life for us in the world. The Socialist Party cannot put itself at the head of a movement for renewal and reconstruction. By placing the political life of these last years on trial, we must nail the Official Socialist Party to its responsibilities.

The destiny of majorities is to be static and of minorities to be dynamic. We want to be an active minority. We want to separate the Official Socialist Party from the proletariat. But if the bourgeoisie believes we will be their lightning rod, then they are fooling themselves. We must be open to labor. Already at the time of the armistice I wrote that we must be open to the labor returning from the trenches, because it would be hateful and Bolshevistic to deny recognition of rights to those who fought the war. We must therefore accept

the postulates of the working classes. They demand eight hours? Will miners and night workers demand six hours tomorrow? What about disability and old age pensions? The regulation of industry? We support these requests because we want the working classes to become accustomed to the management of companies so workers can be convinced that it is not that easy to keep an industry or a business going.

These are our postulates. They are ours because, as I said before, there are cycles of destiny in history whereby everything renews and transforms. If trade union doctrine claims that leaders capable of assuming the management of labor can be found from among the masses, then we cannot oppose them. Especially if this movement is aware of two realities: the reality of production and the reality of the nation.

As for economic democracy, we will not place ourselves on the same footing as the national trade unions. We are against state interference when it wants to destroy the process of wealth creation.

We will fight against technological and spiritual backwardness. There are industrialists who have not renewed themselves from a moral or technological point of view. If they cannot find the virtue necessary to transform themselves, then they will be overrun. But we must explain to the working class that it is one thing to demolish and another to build. Destruction may be carried out in an hour, but creation is the result of work that takes years, even centuries.

Economic democracy is our motto. Now we come to political democracy.

I have the impression that the current regime in Italy is open to succession. There is a crisis bounding before everyone's eyes. We all felt the inadequacy of the people who ruled us during the war. We know that we won due to the virtue of the Italian people rather than the intelligence and the capability of rulers.

With the opening of a succession to the regime we must not be cowardly. We must move quickly. If the regime is to be overcome then we must take its place. Therefore let us create the *fasci*, organizations that can create and agitate, go out into the street and shout, "We are the ones who have the right to succession because we were the ones who pushed the country to war and led it to victory."

From a political point of view we have reforms in our platform. The Senate must be abolished. As I lay out the cause of death, let me add that lately the Senate has been far superior to the Chamber. That is true for the little that was done. We demand therefore that this feudal body be abolished. We ask for universal suffrage for men and women, electoral voting on a regional basis and proportional representation. Out of these new elections will come a National Assembly that we will ask to decide on the form of government of the Italian state. They will ask: republic or monarchy? Since we have always had republican tendencies when the time comes we will respond: republic! We will not attack

traditions and rummage through the archives. We will not put the history of the monarchy on trial. Current political representation is not enough. We demand direct representation of individual interests so that I as a citizen can vote according to my ideas and so that as a professional I must vote according to my professional abilities.

It could be said against this platform that it is a return to corporations. But that does not matter. What this means is the formation of councils according to category in order to completely integrate political representation.

We cannot be stopped by details. Of all the problems the most interesting is the creation of a ruling class equipped with necessary power.

It is useless to pose questions of lesser or greater urgency if the leaders who are capable to resolve them do not exist.

An examination of our platform reveals similarities with other platforms. There are planks in common with the official socialists. This does not mean that we are identical in our intentions for we put ourselves on a wartime footing for victory. By placing ourselves there, we allow ourselves every sort of audacity. I would like for the socialists to experience power today, because paradise is easy to promise but difficult to achieve. No government tomorrow could demobilize all the soldiers in a few days or increase the supply of provisions that do not exist. But we cannot permit such an experiment. The official socialists would like to make Italy a

facsimile of the Russian phenomenon. This is something that the brain trust of socialism opposes, from Branting to Thomas and Bernstein.^c The Bolshevik phenomenon does not abolish classes, but imposes a fierce dictatorship. We are firmly opposed to all forms of dictatorship, from the saber to the three-cornered hat, from money to numbers.^d We only recognize the dictatorship of will and intelligence.

I would like therefore for the assembly to approve an agenda in which the economic demands of national trade unionism are accepted.

Having set this course for our voyage, our efforts must lead to the immediate creation of the *fasci di combattimento* (combat groups). Tomorrow we will direct their efforts simultaneously throughout all of Italy. We are not static. We are dynamic. We want to take our place, as always, on the front lines.

Footnotes

- a. David Lloyd George (1863–1945) Prime Minister of the United Kingdom (1916–1922).
- b. Mussolini actually uses the Machiavellian term *mezzi* (means).
- c. Karl Branting (1860–1925) Swedish politician. Norman Mattoon Thomas (1884–1968) presidential candidate for the Socialist Party of America. Eduard Bernstein (1850–1932) German political theorist.
- d. Mussolini seems to be alluding to various forms of tyranny: the saber as power taken by conquest, the three-cornered hat as rule of an ensconced aristocracy, money as rule by financial systems, number as in mob rule.

Chapter Two

Program of the *Fasci di Combattimento* (1919)

A FASCIST PLATFORM REFLECTIVE of issues stemming from post-war demobilization and attempts to lure constituencies away from traditional proletarian political parties with progressive issues such as seizure of church property and war profits, minimum wages, worker participation in management, old age/disability pensions, public schooling, and lowering the voting age to 18. The document was published June 6, 1919, in the newspaper edited by Mussolini, *Il Popolo d'Italia*.



On the political front WE DEMAND:

- a. Lower the minimum voting age to 18 years, for deputies^a to 25 years, all state positions to be elected politically; regionally-based, multi-member districts.
- b. Abolition of the Senate and the institution of a national technical council for intellectual and manual labor, industry, commerce, and agriculture.
- c. Foreign policy aimed at promoting the will and efficiency of Italy against every form of foreign imperialism; a dynamic policy in contrast to one that strives to stabilize the current hegemony of plutocratic powers.

On the social front WE DEMAND:

- a. Prompt promulgation of a state law establishing the legal workday at 8 hours of actual labor for all workers.
- b. A minimum wage.
- c. The participation of the worker representatives in the technical management of industry.
- d. The entrusting of management of industries or public services to these same morally and technologically adept proletarian organizations.
- e. The rapid and complete reorganization of the transportation industry and personnel.
- f. The change of the bill on disability and old age insurance, setting age limits according to the effort each type of work demands.

- g. Requirement that landowners cultivate lands, under the penalty that uncultivated lands are to be given to farmer cooperatives, with particular attention to veterans returned from the trenches; and the requirement that the state make necessary contributions to the construction of tenant farmer housing.
- h. Development of all hydraulic resources and the exploitation of the wealth from the soil, through the correlation and correction of all relevant laws; expansion of the merchant marines, allowing operation of shipbuilding with the abolition of all bans on steel sheeting and easing of every form of credit, consortia, etc. that could promote the development of shipbuilding; maximize development of river navigation and the fishing industry.
- i. Requirement that the state provide and maintain schools that are firmly and solidly based on national consciousness and impartially but rigorously secular; whose character disciplines body and soul for the defense of the fatherland in order to make training programs rapid, possible, and free from danger, to raise the moral and cultural standing of the proletariat with real and consistent enforcement of mandatory schooling laws and appropriate allocation of necessary funding.

- j. A reform of the bureaucracy motivated by a sense of individual responsibility resulting in significant reduction of regulatory agencies; decentralization and simplification of services for the benefit of productive capacity, the treasury and employees. The removal of personnel and fostering of economic conditions to guarantee the influx of more adept and productive personnel.

For the military situation WE DEMAND:

- a. Creation of a nation under arms with brief training periods for the precise and sole aim of the defense of the rights and interests as required by the effectively organized foreign policy mentioned above, in order to reach goals with full confidence.

For the financial situation WE DEMAND:

- a. A robust, one time progressive tax on capital that will serve as a real, *partial expropriation* on wealth.
- b. Seizure of all goods of religious congregations, the abolition of episcopal allowances that constitute a huge liability for the nation and a privilege for the few.
- c. Review of all war contracts and seizure of 85% of all war profits.

Footnotes

- a. Members of the Chamber of Deputies.

Chapter Three

Program of the National Fascist Party (1921)

— EXCERPTS —

A FURTHER CREATION OF specific party platforms in reaction to electoral disappointments in 1921 where the Fascist Party suffered defeat to the Italian Socialist Party. Planks included an eight-hour workday but also statements in favor of state intervention in industry to counter foreign competition, privatization of inefficient state run concerns, taxpayer rights, proportional taxation, and decentralization of administration. Besides electoral gains, Mussolini also sought control of his party's organization during the chaotic period of near civil war in Italy with violence between fascist blackshirt squads and socialist and trade union supporters.



Corporations

- Fascism cannot question the historical fact of the development of corporations, but it wants to coordinate this development with national goals.
- Corporations are to be promoted according to two fundamental objectives: as an expression of national solidarity and as a means for production development.
- Corporations must strive not to deny the individual for the collective, arbitrarily leveling out the capabilities and the strengths of individuals, but instead must promote and develop them.

The National Fascist Party proposes to enact the following measures for the working and employee classes:

1. The promulgation of a state law that defines an average “legal” workday for all salaried employees at 8 hours, with eventual exceptions advised for agricultural or industrial requirements.
2. That social legislation be updated to current needs, especially with regards to accidents, disability and old age of workers whether agricultural, industrial, or service, as long as production is not compromised.

3. Representation for workers in the operations of every industry, limited to those involving personnel.
4. Entrusting the management of industries or public services to trade union organizations that are morally and technically worthy and well prepared.
5. The spread of small landholding to areas allowing productive cultivation. . . .

Benchmarks for Financial Policy and the Economic Reconstruction of the Country

The Fascist National Party will act:

1. So that the concrete responsibility of individuals and corporations will be penalized in the case of breach of freely negotiated labor agreements.
2. So that the civil responsibility of employees and administrators in public administration is established and regulated for any act of negligence with respect to those damaged.
3. So that taxable income is made public and assessment on successive appraisals is done in order to ascertain the financial obligations of all citizens to the state.
4. So that eventual state intervention, which could be absolutely necessary in order to protect some sectors of the agricultural and manufacturing industries from dangerous

foreign competition, will be conducted in a manner that will stimulate the productive energies of the country and not promote parasitic exploitation of the national economy by plutocratic interests.

The immediate objectives of the Fascist Party will be:

1. Rebalancing of the budgets of the state and of local public agencies, with rigorous austerity measures for all wasteful and parasitic activities as well as in expenses not specifically requested by administrators nor by the requirements of general welfare.
2. Decentralization of administration in order to simplify services and facilitate the attenuation of the bureaucracy while still maintaining opposition to regional political pressure.
3. The careful safeguarding of taxpayer monies, suppressing any aid or favor to state or public agencies, consortia, cooperatives, industries, or similar clientele, incapable of taking care of themselves and not indispensable to the nation.
4. The simplification of taxpaying and the distribution of tax revenues according to criteria of proportionality, without partisanship for or against any category of citizens, and not according to concepts of ruinous progressivism.

5. Opposition to financial and tax demagoguery that discourages initiative and renders the sources of savings and national production sterile.
6. The cessation of the policy of useless public works, allotted for electoral motives and on pretexts of public safety, which however are not profitable due to being distributed haphazardly and piecemeal.
7. The creation of a coherent plan for public works according to the new economic, technological, military needs of the nation, a plan that is principally proposed as follows:
 - a. Complete and reorganize the Italian railway system to better reconnect reclaimed regions to lines in the peninsula as well as to domestic connections within the peninsula, particularly longitudinally, north to south, crossing the Apennines;
 - b. Speed up as much as possible the electrification of the railways and more generally the development of hydraulic resources with works in mountainous areas to benefit industry and agriculture;
 - c. Fix and extend the roadway network, especially in the south where this is a pre-existing condition for the resolution of countless social and economic ills;
 - d. Institute and intensify maritime connections between the peninsula and islands

on one side and the eastern shore and our Mediterranean colonies on the other side, as well as between the north and south of the peninsula, as an aid to the railway network, as well as to encourage Italians to navigate;

- e. Concentrate expenses and efforts in a few ports of the three seas, providing them with modern equipment;
 - f. Fight and resist local interests, especially in public works, which waste energy and obstruct larger national interests.
8. Return to private industry of industrial concerns in which the state has shown itself to be inept: especially telephones and railways (encouraging competition among large lines and distinguishing them from local lines run with different requirements).
9. Give up the monopoly of the mail and telegraph so that private initiative can integrate and eventually substitute state service.

Chapter Four

For the Battle of Grain

(1925)

A SPEECH BY MUSSOLINI in Rome on July 30, 1925, to a group participating at the congress of the Italian Farmer Federation. Mussolini announces the battle of grain, which he would identify as one of the main culprits in Italy's trade imbalance. The battle of grain would be one of many economic "battles" (others included the battles of gold, swamps, births and lira) fought on the propaganda and legislative front to promote autarkic policies.

Thank you for the greeting.

I thank you for your intentions as demonstrated to me in good faith. I will speak a few words. Some of you are of the opinion that the Ministry of Agriculture

must be reformed. I was, am, and remain opposed. Italian agriculture does not need a ministry, but it does need a minister and I am that minister. It needs the means and will have them. From other quarters came the sort of vacuous and echoing words thanks to which the country almost faced irreparable damage between the domestic revolt of August and the tragedy of October 1917.^a For 3 years and 15 days the fascist government has offered you concrete, daily proof of its resolute will to face and to solve the fundamental problems that have assailed the very existence of the Italian people for decades, even centuries. This is a question of freedom, dear sirs, of true freedom, not metaphysical freedom, but absolute freedom. Not the sort of *laissez faire*^b freedom that has never really existed nor will ever exist on the face of the Earth.

The battle of grain, dear sirs, means the liberation of the Italian people from slavery to foreign bread. The battle of the swamps means the liberation of the health of millions of Italians from the insidious and lethal effects of malaria and poverty. The fascist government has restored the Italian people to those essential freedoms that were either compromised or lost: to work, to ownership, to move about, to publically honor God, to celebrate the victory and the sacrifices it required, to have an understanding of oneself and one's destiny, to feel like a strong people, not an extension of somebody else's greed and demagoguery. This is the true national freedom that fascism has given and guarantees for the

Italian people. Everything else is misrepresentation and the unabashed distortion of the powerless and émigrés rejected by life into the limbo of impotence.

You, farmers of Italy, understand from the hard experience of your work just how inflexible the laws of the universe can be. You are the most likely to understand this speech of mine.

Go to the most isolated rural houses, to all of your comrades spread throughout the fields of our beloved national land, and share my greetings. Tell them that my tenacious will can be supported through their collaboration. Italian agriculture is at the start of an age of great splendor.

Footnotes

- a. On October 24, 1917 Italy suffered a devastating defeat at the Battle of Caporetto in World War I.
- b. Mussolini uses the phrase *libertà liberale* (liberal liberty).

Chapter Five

The Defense of the Lira and Problems with Exports

(1926)

— EXCERPTS —

A SPEECH BY MUSSOLINI in Rome on July 8, 1926, at the inauguration of the National Export Institute, which the regime intended to use to solve Italy's trade imbalance. The detailed statistical analysis arrives at the conclusion that Italy's trade imbalance is due to shortfalls in grains, cast iron, steel, machinery, equipment, coal, mineral oils, and leather. Of these, the most likely area for improvement was grain, which Mussolini identifies as comprising nearly one-half of Italy's entire trade imbalance.



What is this National Export Institute? . . . It is a separate and autonomous branch of the National Economic Ministry. This should give an idea of its character and role. Naturally, being separate and autonomous, it has greater flexibility in its functions. For this reason it was made autonomous. We even wanted it to have an autonomous location, with its own offices.

Two years ago . . . I said to the constitutional luminaries listening to me that a period was approaching in which the economic struggle between nations would be harder and more ruthless than the military struggle between those same nations. That is what is happening today. No one should believe that there is an attenuation of this phenomenon. To the contrary! We must be aware of the fact that life is becoming more difficult, not easier or more comfortable for anyone. When one starts from what I call the virile sense of reality, far removed from the weepy and imbecilic defeatism as from Panglossian^a and inconclusive optimism, one is well placed to understand the present historical period and to see our tasks.

Let us come to concrete and precise matters—the question of exchange rates. The lira is sick. Since we are aware of our responsibilities, we have started an examination of what might be the causes of this anemia. Is it a question of debt arrangement? We have made the arrangements. Is it question of circulation? We have reduced it. Our current tendency is actually deflationary. The national budget? The budget is not

only balanced but has a noteworthy surplus. Therefore by the process of elimination, none of these factors are the reason for this anemia. If we must continue in the examination of the reasons then we arrive at the point of the balance of payments in which the preponderant part is the balance of trade.

I have prepared for this meeting by attentively studying a volume full of figures called: *Import and Export Trade Statistics from January 1 to December 31, 1925*. It makes for very interesting reading which I recommend for everyone. Let me say one thing: that when it comes to statistics, one must not remain rapt in their contemplation because they cannot be interpreted in an absolute and dogmatic fashion.

I have performed some calculations in order to establish the differences between our figures and others regarding imports and exports. From the results it can be seen that there is evidence of strange and unexpected differences. Czechoslovakia for example, claims to import 537 million lire worth from us. Our statistics however, report 172 million lire. France does not show much of a difference: reporting 2 billion 75 million while we report 2 billion 19 million, a difference of only about 60 million. Germany states that we export 2 billion 986 million lire to Germany, while our statistics reduce this figure to 2 billion 27 million lire. Great Britain says that we export 2 billion 360 million lire to Great Britain, while we say that it is only 1 billion 875 million. Yugoslavia says 707 million, we say

496. The United States says 2 billion 556 million. We say 1 billion 188 million. For the total amount they say 12 billion 519 million lire. We say 10 billion 91 million lire, a difference of 2 billion 428 million lire.

In front of these gaps we must ask why? Is it because statistical systems are different in various countries? Do exchange rates play a part in these figures? Is our reporting defective? Is there a tendency to play down reporting of exports in order to lower figures to escape audits? All of these explanations could be taken into consideration. It is possible to conclude that weighting our statistics by 50% in relation to the others means an advantage in our favor and a 1.5 billion reduction in our total balance of trade.

We should examine our trade balance a bit more. In this book, which I consider to be extremely useful, these figures are points of reference that cannot be set aside, for otherwise we would be sailing off to a fantasy land. I wanted to proceed by singling out some important entries exceeding 100 million lire either in exports or imports. You will see what I define as the woodworms gnawing away at our national economy from the figures I read.

- Livestock, I am speaking about 1925. We imported 142 million and exported 80 million, a deterioration of 100 million from the previous year. We are in deficit.
- Meat and stock. Here we are also in deficit. 585 million imports against 462 exports.

- Agriculture immediately gives us great satisfaction. Milk and cheese products: imports 42 million, exports 611 million. The exportation of cheese products increased by 100 million over 1924.
- Here is a statistic that seems surprising considering we have hundreds of kilometers of coastline and half a dozen seas. Fish products: imports 510 million, exports 431. In the figures for fish imports there is an increase of 80 with respect to 1924.
- Coffee, sugar, and other similar products: imports 800 million, exports 97 million, a deficit of about 700 million. Italians drink 500 million worth of coffee, There was an increase of 108 million with respect to 1924.

Then comes a large figure that explains many things. Various grains: imports 4 billion 166 million, exports 1 billion 15 million. You can see that the entry “various grains” is one-half of our entire balance deficit and you understand the importance of the battle of grain. Results this year have been quite satisfactory, despite the weather, which has been problematic not only in Italy but all over Europe.

- Now we come to a more comforting entry in agriculture, fruit and vegetables: imports 68 million, exports one billion 892 million for an increase of 480 million over the previous year.

- In beverages we are doing well, even if there was a decrease in exports of 30 million. The figures are 28 million in imports, 350 million in exports.
- Salts and tobacco: imports 220 million, exports 60.
- Dry fruits and seeds: imports 707 million, exports 100 million, an increase of 170 million over 1924.
- Oils, animal and vegetable fats, 470 imports, 310 exports.
- Hemp, linen, and jute: 495 million in imports and 784 in exports. Here we have a positive balance.
- Cotton. There is continuity between the figures from 1924: 3,975 in imports. 2,900 in exports.
- Wool. We have a deficit: one billion 615 million imported, 750 million exported.
- Then comes a quite comforting entry: natural and artificial silk. We imported 620 million in 1925 but exported 3 billion 775 million. There was a net increase of 700 million in our favor over 1924.
- Garments and linen. We are doing well. 61 imports and 141 exports, about the same level as the previous year.
- There is also an increase in minerals in our favor: 40 over the previous year for a total of 100 in imports and 155 in exports.

Here is an entry that I call to your attention: cast iron, iron and steel: 1,300 imports, 75 exports. We are convinced that there is also iron in Italy, maybe more than given to believe from cursory statistics. Therefore we have made allocations to increase operations on the island of Elba, whose deposits were supposed to have been depleted 20 years ago, when in fact there is enough for very much time to come. This entry has a net increase of 600 million in imports over 1924.

- Copper: 570 million imports, 20 exports, with an increase of 150 million over the previous year.
- Other common metals: 470 imported, 120 exported with a net increase of 140 million over 1924.

Let us leave this section which as you see is not very promising, to machinery and equipment: one billion 50 million imports, 222 million in exports for a deficit of about 880 million.

- Scientific instruments: the figures show a deficit of 135 million against us: imports 155 million, exports 20 million.
- Vehicles: this entry is reassuring.

However let me open a parenthesis which is to say that Italian industry is reacting well to government guidelines which promote consolidation. We have reduced all courts to just one, the three issuing banking institutes to one, and out of 4 ministries created a

single Ministry of the National Economy; out of three ministries, the single Ministry of Communications; out of two ministries, one Ministry of Finance.

It is necessary for Italian industry, at least abroad, to present a unified domestic front and reduce all nonessential factories, all redundancies. The Fascist Industrial Confederation must act to induce its members to work together, without ruinous competition, particularly beyond our borders.

- I come to another entry: minerals and coal. We import 1 billion 970 million and export 430 million, which means a deficit of nearly 1.5 billion.
- Glass and crystal: here as well 115 imports and 56 exports.
- Wood and cork: 950 million imported, 150 exported. We are 800 million in the red, actually 880 million, an increase of 200 million over the previous year.
- Carved and woven goods: 130 in imports, 9 in exports.
- Another not very promising entry, mineral oils: 970 imported, 12 exported. We are truly at the very bottom! Here is an entry that shows another expected increase of 140 million over the previous year.
- Essential oils, perfumes, soaps. These have little importance. The figures show 52 exported, 120 million imported.

- Even in inorganic chemical products we have a deficit: 185 million imported, 85 exported. For fertilizers we have respectively 200 and 15 million in imports and exports.
- Organic chemical products show 85 million imported, 165 exported.
- Dyed and cured materials: 180 imported, 100 exported, a deficit.
- Furs and leather. We have a deficit: one billion 30 million in imports, 510 in exports.
- Elastic rubber, here there is a balance of trade: 430 and 430.

Paper and cardboard. Let us pause. There was talk during the reduction of newspapers to 6 pages that imports of cellulose in Italy were down to an almost negligible level, but this was not true.^b For this entry we import 400 million and export 125. In those 400 million of imports, cellulose is 241 million, having gone from 137 million the previous year to 241 in 1925.

- Precious stones: imports 320 million, exports 110 million.
- Fashion goods (we have a positive balance): imports 75 million, exports 625 million.
- Various vegetable products: 270 imported, 140 exported.
- Various goods: imports 150 million, exports 130 million.

Those are the entries with levels around 100 million.

Now if we take a second look to see where the phenomenon is most serious, there are six or seven entries (grains, cast iron, steel, machinery, equipment, coal, mineral oils, leather) that really weigh down the national balance of trade.

I want to add that these figures allow for a different interpretation. They do not imply any sense of weakness. They do not portray a nation that is exhausted, but rather a nation on the move. These figures, taken together, whether for imports or exports, give the idea of a strong nation when taking into account our industrial development, and more generally, our increasing economic gains from the post-war period, actually the 4 years from the armistice to 1922 to the present. Today there is more discipline, more output from expertise, increased national prestige worldwide, all factors that have improved our productivity.

Even with this point of strength and development, there are still negative aspects, that we must identify, control, change, and possibly eliminate. One of the tools in the struggle for the improvement of our balance of trade is this National Export Institute so desired by the government and being inaugurated today.

Before concluding, I want to say a few more things. Not about the tasks facing the institute, which have already been programmed in an effective manner by the president of the institute, but rather on the way work is to be conducted.

In my opinion, following this inaugural ceremony, the work of this institute must be inspired by the following

criteria: a systematic and purposeful commitment to avoid excessive domestic expectations. Secondly and finally, we must state that nobody should be overly optimistic enough to think that having made the institute, the problem is solved.

The institute is another tool to help solve a problem that must be solved by everyone who is a vital part of the nation: government, industry, workers, farmers, businessmen, and bankers. The entire Italian people feels the greatness, importance, and necessity of this vast task which I am certain will raise the future of our economy and show the world the strength, the will, and the capability for work in the new Italy.

Footnotes

- a. From the excessively optimistic Pangloss character in Voltaire's novel, *Candide* (1759).
- b. Autarky apparently extended to the length of newspapers.

Chapter Six

Pesaro Speech

(1926)

— EXCERPTS —

A SPEECH AT A public gathering in Pesaro on August 18, 1926, where Mussolini energetically defends a sound money policy to the point of announcing a “battle of the lira” which would develop into the “quota 90” (level 90) currency fixing with respect to the British pound.



As is my habit, I want to offer concise but also sincere praise for the people of the Marches. Four years have passed since I assumed the heavy burden of power. During these four years, hundreds of groups have passed through the halls of Palazzo Chigi. The exception was the Marches.

I can count on the fingers of one hand the times that the Marches have asked me for anything. You are a diligent and wise people, perfectly aware of the higher necessities of the nation. You do not ask anything for yourselves unless it is really needed and with the knowledge beforehand that your request will be well received. You are a people that take care of your own interests.

I also want to praise the fascism of this province, solid, compact, orderly not soiled by petty bickering and quarreling which could get out of control. A party that luckily has more than 90 thousand card carrying members between the ages of 20 and 30, can be difficult due to their exuberance, impetus, and passion. I prefer it to be like this than a monotonous, chanting friary. Therefore the ridiculous, even grotesque hopes of some forlorn adversaries still unconvinced by the terrible lessons of our history feed upon illusions like a will-o'-the wisp.

There are those who think that a small quarrel in a distant little hamlet can produce something that will harm fascism—nonsense. Fascism is not just a party. It is a regime. It is not only a regime, but a creed, not only a creed, but a religion conquering the working masses of the Italian people.

The Italian people that I will defend.

It may seem strange to you that at this moment I am going to make a political declaration of some importance. It is not the first time that I have chosen a public square to say something that I could have said in

parliament or elsewhere. Let me add that I am to be believed. I am to be believed above all when speaking directly to the hearts of the people, looking into the eyes of the people listening to me.

I want to tell you that we will conduct the economic battle for the defense of the lira with the utmost resolve. From this square to the entire civilized world I say that I will defend the lira to the last breath, to the last blood.


I will never inflict upon the wonderful people of Italy, who have been working like heroes and suffering like saints for four years, the moral shame and the economic catastrophe of the collapse of the lira. With all of its might, the fascist regime will resist any attempt at currency rigging by opposing financial powers; such attempts will be stricken down when identified domestically.

The fascist regime is ready, from its leader to the last of its followers, to require all necessary sacrifices needed. Our lira, the symbol of our nation, the mark of our wealth, the symbol of your struggles, our efforts, our sacrifices, our tears, our blood, must be defended and will be defended. . . .

Chapter Seven

The Labor Charter (1927)

THIS IS THE Labor Charter promulgated by the Grand Council of Fascism on April 21, 1927, and published in *Il Popolo d'Italia* no. 6, April 23, 1927. The charter sets standards for labor representation under the regime's corporative system. The ultimate effect of fascist labor policies—the assignment of party approved representatives for each category of labor or corporation (guild)—was the elimination of dissent regarding contracts. This is evidenced by the decline in industrial worker disputes, which reached negligible levels by 1932.



On the Corporative State and Its Organization

- I. The Italian nation is an organism with goals, life, means of action superior to the divided individuals and groups that comprise it. It is a moral, political and economic unit that achieves full integration in the fascist state.
- II. Labor in all of its intellectual, technical and manual forms is a social duty. In this capacity and only in this capacity is it under state tutelage. The entirety of production is a single unit from a national point of view, with uniform objectives that can be summed up as the well-being of producers and the furthering of national power.
- III. There is freedom of professional or trade union organization. But only legally recognized trade unions under state control have the legal right to represent and safeguard the interests in relations with the state or other professional organizations for entire categories of employers and workers for which they are constituted. They may stipulate binding contracts for all those belonging to that category and levy dues upon them and to act on their behalf according to the functions as delegated in the public interest.
- IV. Collective labor agreements are the definitive expression of the solidarity between various

sectors of production, through reconciliation of the opposing interests of employers and employees, and subordination to the higher interests of production.

- V. The Labor Court is the organ through which the state intervenes in order to settle labor disputes whether arising from compliance with existing laws and agreements or from the formulation of new labor conditions.
- VI. Legally recognized professional associations ensure legal equality between employers and employees; maintain discipline in production and labor and promote improvements. Corporations constitute the organizational unit of production and integrally represent their interests. Due to this integral representation, since production interests are also national interests, the corporations are recognized by law as organs of the state.

By representing unified production interests, corporations may enforce binding regulations to discipline labor relations as well as coordinate production, whenever so empowered by affiliated associations.

- VII. The corporative state considers private enterprise in the sphere of production to be the most efficient and useful instrument in the national interest. Since private organization

of production is a function of national interest, the organizer of an enterprise is responsible to the state for management of production. From the collaboration of productive forces derives reciprocal rights and duties. The worker, whether a technician, laborer, or employee is an active participant in economic activity, the management of which is the responsibility of the employer.

- VIII. Professional associations of employers have the obligation to promote, by all possible means, the increase and improvement of products and the reduction of costs. The representation of those who work as freelancers or skilled professionals and associations of civil servants must work together to safeguard the interests of arts, science, and letters, for the improvement of production and the achievement of the moral aims of the corporate system.
- IX. State intervention in economic production takes place only when private initiative is insufficient or lacking, or when state interests are in play. Such intervention can take the form of control, assistance, or direct management.
- X. In collective labor disputes legal action cannot be invoked unless the corporate organ

has not first exhausted attempts at reconciliation. In individual disputes concerning the interpretation and the application of collective labor contracts, professional associations have the option to intervene through their offices for reconciliation. The jurisdiction for such disputes is given over to the regular judiciary and council members designated by the professional associations involved.

Collective Labor Agreements and Guarantees

- XI. Professional associations are required to regulate labor relations between categories of the employees and employers they represent through collective agreements. The collective labor agreement is to be stipulated between associations of the first level under the guidance and control of the central associations, except for the right for substitutions by an association at a higher level, in cases specified by law and statute. Every collective labor agreement, under penalty of nullification, must contain precise rules regarding disciplinary arrangement, trial periods, the amount and payment of compensation, and the work schedule.
- XII. The actions of the trade union, the conciliatory role of the corporative agency bodies and the rulings of the labor court guarantee that

wages correspond to the normal demands of life, the possibilities for production, and the output of labor. Salary determination is separate from any general rule and entrusted to agreements between the parties in collective agreements.

XIII. The consequences of the production and monetary crisis must be equally distributed between all participants in production. The data from public administration, the Central Statistical Institute and legally recognized professional associations regarding production and working conditions, the situation of the labor market, the situation of the monetary market and the changes in the standard of living of laborers, as coordinated and examined by the Ministry of Corporations, will offer criteria for reconciling the interests of various categories and classes amongst themselves and in the higher interests of production.

XIV. Remuneration should be paid out in the form which best fills the requirements of employers and laborers.

When compensation is established by job and settlement is made in periods longer than a fortnight, adequate fortnightly or weekly payments are due on account.

Night shifts, not including regularly scheduled shifts, will be compensated at a higher rate with respect to daytime shifts. When labor is compensated by job, the rates must be such that a hard working employee, with normal work capacity, will be able to earn a minimum amount above base pay.

- XV. The employee has the right to a weekly day of rest on Sundays. Collective agreements will apply this principle in accordance with existing statutes, the technical demands of the businesses within the limits that such demands require with respect to civil and religious holidays according to local tradition. The work schedule must be scrupulously and zealously kept by the employee.
- XVI. After a year of uninterrupted service, employees in non-seasonal businesses have the right to a yearly period of paid holiday vacation.
- XVII. In non-seasonal businesses, the worker has the right in case of termination without cause to an indemnity proportional to years of service. A similar indemnity will be owed in the case of the death of the worker.
- XVIII. In non-seasonal businesses the transfer of the enterprise does not rescind the labor agreement and the personnel employed retain rights with the new employer. Similarly,

illness on the part of the employee that does not exceed a determined length of time does not rescind the labor agreement. The call to arms or service in the National Security Volunteer Militia shall not constitute grounds for termination.

- XIX. Breaches of discipline or acts disturbing the normal course of business perpetrated by employees are to be punished according to the seriousness of the offense, with fines, suspension from work, and for serious cases with immediate termination without indemnity.

The cases when the employer can impose fines, suspension from work or immediate discharge without indemnity shall be specified.

- XX. The newly hired employee is subject to a trial period, during which there exists the right for reciprocal cancellation of the contract and payment only for the time in which work was effectively performed.

- XXI. The collective work agreement extends its benefits and protocols to home-based workers as well. Special laws will be provided by the state in order to ensure cleanliness and hygiene in home-based work.

For Employment Bureaus

- XXII. Only the state can certify and regulate the phenomenon of employment and unemployment of workers, as an overall indication of the conditions of production and labor.
- XXIII. Labor employment bureaus are to be founded on a mutual basis, subject to the control of the corporative organs. Employers are required to hire workers registered at these offices and to have the freedom to choose from those registration listings, with precedence given to those registered in the party and in fascist trade unions, according to enrollment seniority.
- XXIV. Professional worker associations are required to enact a selection process among workers in order to raise their technical capabilities and moral standards.
- XXV. The corporative agencies must ensure the observance of laws for accident prevention and worker discipline by individuals in affiliated associations.

Social Welfare

- XXVI. Social welfare is a great demonstration of the principle of the collaboration between employers and employees who must bear a proportionate share of the expenses involved. The state, through the corporative agencies

and professional associations, will endeavor to coordinate and unify the system and social welfare institutions, as much as possible.

XXVII. The fascist state proposes:

1. the improvement of accident insurance;
2. the improvement and extension of maternity assistance;
3. Insurance against work-related diseases and tuberculosis as a step towards general insurance against all illnesses;
4. the improvement of involuntary unemployment insurance;
5. the adoption of special insurance funding for young workers.

XXVIII. It is the duty of the worker associations to give assistance to those they represent in the administrative and legal actions related to accident and social insurance. Collective labor agreements will stipulate, whenever technically possible, the creation of sick leave pools with contributions from both employers and employees to be managed by representatives of both, under the supervision of corporative agencies.

XXIX. Giving assistance to those represented, whether members or not, is a right and duty of professional associations. These associations should exercise the functions of assistance

directly and through their own agencies and may not delegate to other organizations or institutions except in cases of a general nature beyond the interests of each production category.

- XXX. The education and training, especially the professional training of those represented of members and non-members, is one of the main duties of professional associations in conjunction with the efforts of related national initiatives regarding free time and other educational initiatives.

Chapter Eight

Ascension Speech

(1927)

— EXCERPTS —

THIS SPEECH TO the Chamber of Deputies, May 26, 1927, is a wide-ranging expression of Mussolini's views and policies. With regards to economics, he offers comments against laissez faire policies and confirmation of his faith in statism. The demographic campaign is explained and put into an historical context as well as issues of concern such as "quota 90" currency valuation, communicable diseases, mafia, and the political reform for the creation of a corporate state.



Some, in other times, have said that the state should not worry about the physical health of the people, that here as well the Manchesterian motto of “live and let live” should hold.

This is a suicidal theory.

It is clear that in a well-ordered state, the care of the physical well-being of the people must be in first place.

How are we doing in this area? What is the outlook? Is the Italian race, the Italian people in physical terms flourishing or in decadence? And if development is lagging what is the outlook for the future?

These questions are not only important for the medical profession, nor only for those interested in sociological theories, but above all, for men in government.

Now, the outlook in this area is actually quite bleak . . .

Social diseases are expanding to a degree that should make those among you who have a sense of responsibility reflect and concentrate, whether in the hinterlands or urban areas.

So-called social diseases are flaring up. We must be concerned and act in a timely manner.

So what has the General Health Directorate done? A great deal, which I will report to you, if only to provide the necessary documentation. First of all, there has been a tightening of health security at national land and maritime borders. Under the direct supervision of the public health agencies nine thousand ships have been disinfested, killing rodents that bring contagious diseases from the orient from where many nice

things arrive like yellow fever and bolshevism. We have been active in the health professions, the public health service, scholastic hygiene, the anti-tubercular service, the struggle against malignant tumors, food and drink safety, public health works (aqueducts and sewers), controlled substances, drug patents, and finally the provincial anti-tubercular consortia.

All of this probably does not mean much to you. So let us go to the figures which are always interesting.

Today it is possible to state that one social disease which weighed down the Italian population for at least forty years has completely disappeared. I am speaking of pellagra. In the concluding statistics there were 198 deaths from pellagra in 1922; in 1925 that fell to 108. In the Veneto region, the hardest hit, there are 1.3 deaths per hundred thousand inhabitants. It is possible to state that today the Italian nation has definitively won this battle.

But the same cannot be said for tuberculosis which still causes great harm. These terrifying figures must give us pause. They go from a low of 52,293 in 1922 to 59,000 in 1925. The region hardest hit is Venezia-Giulia and the least stricken is Basilicata.

Even more noteworthy is the number stricken by illness due to malignant tumors. Here the hardest hit region is Tuscany, the least, fortunately, is Sardinia, which however pays a harsh and high tribute to malaria.

The concluding statistics for deaths due to malaria are not serious and are marked by a decrease: from

4,085 in 1922 to 3,588 in 1925. Here Sardinia takes first place with 99 deaths for every 100,000 inhabitants.

Another phenomenon that requires attention of concerned citizens is mortality due to alcoholism. I hope that, at this point, the organizers of the recent anti-prohibitionist congress will not fear what I have to say.

I do not believe in total abstinence. I believe that if reasonable amounts of alcohol had really harmed humanity, at this point the human race would have completely or almost disappeared because fermented liquids have been consumed since prehistoric times. But there is no doubt that Italy has been drinking too much.

Mr. Mortara in his work, *Economic Outlook*, informs us that Italy has three million hectares of vineyards, a million more than in France and Spain, which as you know, are among the world's top wine producers.^a

The figure for deaths due to alcoholism are not excessive: from 664 in 1922 to 1,315 in 1925 with the highest rates in the Marches, Liguria, Veneto, Umbria, Piedmont, Abruzzi, and Emilia.

Here we come to the problem of reducing distributors, which are numerous: 187,000 taverns in Italy! We have closed 25,000 and are proceeding energetically in this direction because we are able to do so. Since we probably will not have another chance to get the votes of tavern keepers or their customers, as was the case in the liberal democratic Middle Ages, we can allow ourselves the luxury of closing these outlets of cheap and damaging good spirits.

The mortality for mental illness is also increasing, as is the number of suicides.

As you can see from these figures the outlook, without being tragic or pessimistic, deserves close attention.

We must therefore seriously monitor the destiny of the race, which needs care from maternity to infancy. To this end there is the national maternity and infancy protection service wanted by the Honorable Federzoni (and this was not his only merit before heading to the Ministry of the Interior). The National Service today is directed, with the zeal of a religious calling, by our colleague Blanc.

After the law and the organization of the service in its central and provincial committees—which being too numerous, were dissolved—this service must be financed.

There are 5,700 institutes in the country working in maternity and infancy with insufficient funding, although the tax on celibacy in the future could extend to a tax on barren marriages.

This tax provides between 40 and 50 million; but do you really think that the only reason I wanted this tax was for this reason? I used this tax to spur the nation on demographically.

This may surprise some among you who might remark, “Why was this needed?”

It was indeed needed.

Some fools may say, “There are too many of us.” The intelligent respond, “We are too few.”

Let me state that, an important but not determining aspect of political power, and therefore of the economic and moral power of a nation is demographic strength.

Let me be clear: what are 40 million Italians compared to 90 million Germans and 200 million Slavs? Let us look westward. What are 40 million Italians compared to 40 million Frenchmen plus the 90 million in their colonies; or compared to 40 million Englishmen plus the 450 million in their colonies?

Sirs!

In order to count for anything Italy in the second half of this century must have a population no lower than 60 million inhabitants.

You may say: how will they live within our territory? The same arguments, most probably, were used in 1815 when there were only 16 million Italians in Italy. Perhaps even then it was thought impossible to create an infinitely higher standard of living, with food and lodging, for today's 40 million Italians on the same territory.

For five years we have been saying that the Italian population is overflowing. That is not true! The river is no longer overflowing but returning quickly to its bed.

All nations and all empires have felt the bite of decadence when their birthrates have fallen.

What was Augustus's *pax romana*? The *pax romana* of Augustus was a shiny façade, behind which the symptoms of decadence were already fermenting. In the entire last century of the second republic the distress was evident,

from Julius Caesar who sent his legionaries equipped with three children in the fertile lands of the south, to Augustus's laws, the *ordines maritandi*. Until Trajan, the entire history of Rome, from the last century of the republic to the first and the third centuries of the empire was dominated by the same dilemma. The empire could no longer be maintained because it had to be defended by mercenaries.

Question: are these laws effective? These laws are as effective as they are timely. Laws are like medicine, when given to a body still capable of reacting, they can help. But when administered to a body near decomposition, they hasten the end due to the body's fatal condition.

There can be no discussion about whether Augustus's laws were effective. Tacitus said they were not. Bertillon, 20 centuries later, said they were in his very interesting book dedicated to the depopulation of France.^b

Therefore it is a fact that the fate of nations is tied to their demographic strength.

When did France dominate the world? When a few families of Norman barons were numerous enough to form an army. When during the shining period of the monarchy, France had the proud motto, *Êgale à plusieurs*,^c and when next to 25 or 30 million French there were few Germans, a few million Italians, and a few million Spaniards.

If we want to understand anything about what has happened in the last fifty years of European history, we must realize that France from 1870 to today, has had a population increase of 2 million, Germany 24, and Italy 16.

Let us delve deeper into the question of interest to me. Some claim—another commonplace to be demolished today—that France is the nation with the lowest demographic rate in Europe. That is not true. France has stabilized around 18 per thousand for about 15 years.

Not only, but in certain French regions there is a reawakening of birthrates. The nation in first place in this sad business is Sweden, at 17 per thousand, while Denmark is at 21, Norway at 19, and Germany is in total demographic decline: from 35 per thousand it has decreased to 20. Two more points and it will be at the same level as France.

Even England is not in very good shape. In 1926 its birthrate was the lowest in Europe: 16.7 per thousand. Of the European nations, the one doing well is Bulgaria with 40 per thousand, then come other nations at varying levels, and finally it is worthwhile to fully consider the case of Italy.

The five-year period with the highest birthrate was between 1881 and 1885 with 38 live births per thousand. The maximum was in 1886 with 39. Since then we have been going down, from 37 or 35 per thousand we have declined to 27 today. It is true that the death rate has also declined. But ideally there would be a maximum of births and a minimum of deaths. Many regions in Italy are already below 27 per thousand. The top region is Basilicata, and let me offer my most sincere congratulations for their demonstration of strength and virility. Evidently Basilicata has not been

completely contaminated by the pernicious trends in contemporary civilization. Then come Puglia, Calabria, Campania, Abruzzi, Veneto, Sardinia, the Marches, Umbria, and Lazio. The regions that are holding at 27 per thousand are Emilia and Sicily; under that come Lombardy, Tuscany, Piedmont, Liguria, Tridentine Venice, and Giulia. In 1925 the population increased by 470 thousand inhabitants, in 1926 by only 418 thousand. The decrease is noteworthy.

This is still not enough. The type of urban life that is destructive, that sterilizes people, is industrial urban life. Let us look at the figures from the large cities which have around a half million inhabitants or more. The figures are not encouraging. Turin in 1926 had a decrease of 538 inhabitants. Let us look at Milan: it has an increase of 22 inhabitants. Genoa increased by 168 inhabitants. These are three industrial cities. If all Italian cities had figures like these, before long we would be stricken by the same anxieties that afflict other peoples. Fortunately this is not the case. Palermo has 4,177 more inhabitants (I am speaking of births, not those who depart, because this is displacement not increase); Naples 6,695, and Rome is in first place with 7,925. This means that in ten years Milan will increase by 220 inhabitants and Rome will increase by eighty thousand.

Do you think that when I talk about the ruralization of Italy, I am speaking out of love for the sort of sweet talk that I detest?

Not at all! I am the clinician who does not overlook the symptoms and these are symptoms that must give us pause. Where does this line of reasoning lead us?

1. Urban living brings about the sterilization of populations.
2. Small rural settings do the same.

You may add to these two reasons of an economic nature the infinite cowardliness of the so-called higher classes of society. If there is decline, sirs, instead of building an empire, one becomes a colony! . . .

Then there is the economic and financial battle . . .

You may recall that there was some snickering last summer when sterling went from 140 to 155. (We are speaking of sterling at parity with the dollar, because that is what England wanted, as strong peoples will do.) All of the antifascists seemed to have the same agenda, commenting, "What a great thing fascism is. Great guy that Duce. Nobody knows how, but look at exchange rates, sterling at 140. Sirs, what we need is something besides this dictatorship! The bankers on Wall Street and in the City can't be convinced with castor oil. The truncheon can't make exchange rates rise!"²⁶

Very well, then came my speech at Pesaro which was quite naturally improvised. It must be said however that I had been mulling it over for 3 months. On August 8th I had already given advance warning to the Finance Minister in a 16-page long letter. That is how I improvise!

What was I saying? That the fascist regime could not accept defeat on the financial field. It can suffer setbacks, if tomorrow forces are inferior to will, but certainly not accept it.

So after my Pesaro speech, which I gave at Pesaro for the simple reason that I was passing through there that afternoon. It is a nice city, and I like it. But I could very well have spoken at Sassoferrato, because I have never believed that to make an interesting speech one must climb up on a shining barrel—so after Pesaro the ironic snickering ceased.

So what will happen now? The other day when to my great satisfaction, sterling went to 85, it seemed like there was a national catastrophe on the horizon. There were long faces, as if it there were plans to set up Raveggi's branch offices. "What a disaster! It's a national catastrophe!" That is how those in the stock market and the exchange rate and bond manipulators complained.

I have some respect for them, but when I see them with a badge in their lapel, they make me nauseous, which is not easy, given my strict diet.

Sirs, where is the catastrophe? Do not cry too soon! Do not bandage your head before it has been pummeled! Slow down! Remain calm, sirs. Now you are pessimistic about an uptrend. Before you were pessimistic about a downtrend.

For me history began in 1922. If you take the high point of the sterling, then yes, we have improved by sixty points. But if you take an average level of 120,

then the improvement is reduced to 30 points, and if you return to the level during the March on Rome, the improvement is reduced to 15 points, because at the time of the March on Rome sterling was between 105 and 110. But then, sirs, we had a budget deficit. We had unpaid foreign debts. We had a regime that was just starting and it could be presumed that it might not last. We had a negative balance of payments. What is today's improvement of 15 points now that we have a settled domestic and foreign debt, a balanced budget in surplus, and circulation under control? This is the reward, the modest reward that the Italian people deserve after 5 years they have worked like slaves, or if you prefer, like heroes and saints.

On the other hand, the following concerns must be placated. We have not really conquered anything. We have just regained the position we had in 1922. Let us call it "quota 90," a rate for which we will deploy all of our forces.

There will be enough time for all of the forces of the economy to adjust to this rate. However they must adapt quickly and willfully for when exchange rates come down they leap like kangaroos. Today we have insurmountable difficulties because we are proceeding with baby steps towards improvement. This is pitiful.

We have created the corporate state which puts the institutional dilemma of the Parliament on the table. What will happen to this Chamber? First of all, this Chamber has served the cause of the regime

nobly and well and will live out the entirety of the legislative term.

All those who wanted to dissolve and abolish it, almost as a punishment, will certainly be disappointed.

It is clear that the Chamber of the future cannot resemble that of today. Today, May 26, we solemnly bury the nonsense of universal democratic suffrage.

What is universal suffrage? We have seen it in action. Out of the over 16 million citizens with the right, there are 6 million who regularly couldn't care less.

As for the rest, what can they be worth, when the vote is given to a citizen merely because they have turned 20 years of age. Do the deciding criteria about a citizen's decision-making abilities come down to chronology or civil status?

In the future there will be a Chamber. But this Chamber will be elected by the corporate organizations of the state. Many of you will return to this Chamber, many of you will find a natural posting in the Senate, some in the Council of State, others in the prefectures, in the diplomatic or consular services (where one may serve the regime well). Others may retire to private life.

It is not possible for everyone to be a high official, we also need supporters.

Anyway, does the nation feel a need for elections? They have been forgotten. Is it necessary for us to confirm popular consensus with an electoral bulletin? Allow me to think that this is not at all necessary. Towards the end of this year, or next, we will decide

the format under which the corporate chamber of the Italian state will be elected.

But let me come to an essential and perhaps the most important point of my speech. What have we fascists done in these five years? We have done something enormous, ageless, and monumental. What? We have created a unified Italian state. It must be understood that since the time of the empire Italy has not been a unified state. Here we solemnly reaffirm our position with regards to the state. Here we reaffirm just as energetically my statement at the Scala in Milan: "Everything in the state, nothing against the state, nothing outside the state."

I do not even know how in the 20th century anyone can live outside of the state, unless it is a state of barbarism or savagery.

Only the state can give people a sense of self-awareness. If the people are organized, the people are the state, otherwise it is a population at the mercy of the first group of domestic adventurers or horde of invaders from abroad. Sirs, only the preparedness of the legal organization and military strength of the state can defend the national collectivity. If this collectivity is fractured or reduced to a single nuclear family, then it would take only a couple of Normans to conquer all of Puglia.

What was the state that we saw breathless and beaten by the constitutional crisis, depressed by its inherent impotence? The state we conquered the day after the March on Rome was the one which had been handed

down from 1860. But it was not a state, just a network of poorly organized prefectures, where prefects had one overriding concern: to be effective electioneers.

Until 1922 it was a state where the proletariat—what am I saying—the entire people, was absent, averse, hostile.

Today we announce to the world the creation of a powerful unified Italian state, from the Alps to Sicily. This state is the expression of a centralized, organized, unified democracy in which people move about as they please. Sirs, the people must be placed inside the citadel of the state to be defended by them. For if they are on the outside they will attack it. . . .

Footnotes

- a. Mortara Giorgio (1885–1967) Italian economist.
- b. Jacques Bertillon (1851–1922), *La Dépopulation de la France* (*The Depopulation of France*) 1911.
- c. Mussolini seems to be referring to the Latin motto, *primus inter pares* (first among equals).

Chapter Nine

Law Establishing the National Council of Corporations (1930)

THIS LAW IS the centerpiece of legislative efforts to create a corporate state with influence from the experiences of Alceste De Ambris and Gabriele D'Annunzio at the Regency of Carnaro, 1919–1920, and the Carnaro Charter they authored.

Law No. 206 of March 20, 1930. Reform of the National Council of Corporations

ART. 1: The composition, attributes, and functions of the National Council of Corporations, instituted by decrees no. 1131, July 2, 1926, and no. 1347, July 14, 1927, are modified according to the dispositions of the following articles.

Organs of the National Council of Corporations

ART. 2: The organs of the National Council of Corporations shall be the following:

- a. Sections and Subsections
- b. Permanent Special Committees
- c. General Assembly
- d. Central Corporative Committee

ART. 3: The presidency of the National Council of Corporations and of all its component organs shall be held by the Head of government, Prime Minister Secretary of State, who may convoke the Council when necessary.

The Head of the government may delegate the Minister of Corporations to act as President in his stead.

The meetings of the sections and subsections, together or separately, and of the permanent special commissions, when not presided over by the Head of

the government or the Minister of Corporations personally, shall be presided over by under secretaries of state for corporations save in the cases otherwise provided for in the decree regulating the application of the present law.

The director general of corporations shall be Secretary General of the Council.

ART. 4: The National Council of Corporations shall be composed of seven sections as follows:

1. a section for freelance professions and the arts, to be divided into two subsections: one for professions and the other for arts;
2. a section for industry and artisans divided into two subsections one representing industry and the other the artisans;
3. a section for agriculture;
4. a section for commerce;
5. a section for land transport and inland navigation;
6. a section for sea and air transport divided into two subsections, one for sea transport and the other for air transport and
7. a section for banking.

The ordinary composition of these sections is fixed by the table annexed to the present law, which may be modified by a decree of the Head of the government upon the proposal of the Minister for Corporations, subject to the General Assembly of the Council.

In matters pertaining to them exclusively, the subsections shall have the same powers as the sections and may function independently of them.

If the subject for decision is of common interest to several of the said sections and subsections, two or more of these may be convened jointly in a single meeting.

In the cases contemplated in the decree regulating the application of this law, joint sections may be convened even when there is participation therein by the representatives of employers alone or of workers alone.

ART. 5: When the subject for decision is of interest to the entire syndical and corporative order of the state, and in the cases specifically mentioned in the present law, the section of the Council shall be convened in the General Assembly. The participants therein shall be, in addition to the Minister for Corporations, the Minister of the Interior, and the Minister of Agriculture and Forests, the Secretary of the National Fascist Party, the Undersecretary of State for Corporations, and all the representatives designated by the syndical confederations of employers and of workers for the corresponding sections. Of the other permanently represented organizations in the sections the following shall participate:

- a. for the National Confederation of Fascist Syndicates of Professionals and Artists: the President of the Confederation itself, and 10 and 4 representatives respectively of the

National Syndicates of Freelance Professionals and Artists,^a serving in the subsections for the freelance professions and for the arts, who shall be designated by the above-mentioned Confederation according to the methods set forth in the decree regulating the application of this law;

- b. for the National Cooperative Association: the President of the association and two other representatives designated by the associations among those belonging to the sections.

The following shall also participate in the general assembly:

1. the vice secretaries and one member of the directorate of the National Fascist Party, to be designated by the Secretary of the party;
2. the Directors General of the Ministry of Corporations;
3. the Directors General of the Ministry of Agriculture and Forests;
4. the President of the National After-work Association;
5. the President of the National Institute for Social Assistance;
6. the President of the Association of Disabled and Invalid War Veterans;
7. the President of the National Association of War Veterans;

8. a representative of the General Fascist Association of Public Employees, to be designated by the aforementioned association;
9. two representatives of the other associations authorized under art. 92 of royal decree no. 1130, July 1, 1926, to be designated by the said associations in common agreement, or, in the absence of agreement, by the Minister of Corporations;
10. ten persons who are particularly well versed in questions of syndical organization and in corporative law and economy, and in other technical legal activities and regulations pertaining to production, to be designated by the Minister of Corporations.

By a royal decree issued upon the proposal of the Head of the government and after decision by the Council of Ministers, changes and additions in the above-prescribed list of members may be made.

ART. 6: For the treatment of individual subjects of a general character and of prevalently technical order, excluding, however, those indicated in arts. 11 and 12 and following, permanent special commissions composed of members of the General Assembly may be constituted within the National Council by decree of the Head of the government upon the proposal of the Minister of Corporations. Decrees shall establish the composition of said commissions and the limits

of their competence in relation to that of the general assembly and of the sections.

ART. 7: The General Assembly may always be heard on questions that have already been submitted to the opinion of the sections and permanent special commissions.

Designation and Appointment of the Members of the National Council of Corporations

ART. 8: The designation of representatives to the National Council of Corporations by the syndical bodies and by the other associations and organizations named in article 5 and in the table attached to the present law shall be made by the respective councils of higher grade empowered to take decisions, which are constituted and convened according to the terms of the statutes, or by whomsoever legally exercises such function therein.

Membership of the National Council of Corporations shall be recognized by royal decree upon the proposal of the Head of the government.

Membership shall be revoked in a like manner in the cases contemplated in the present law and in the decree regulating the application of this law.

At the time of their assumption of office, the members of the National Council of Corporations shall take an oath in the manner established by the decree regulating the application of this law.

The members of the National Council of Corporations who are not such in the full legal sense because of other functions performed by them, shall serve for a period of three years, subject to reappointment.

ART. 9: For nomination to membership of the National Council of Corporations according to the first paragraph of the preceding article, all the conditions established by the political electoral law for eligibility to the Chamber of Deputies must be fulfilled.

If the conditions above referred to should subsequently be found wanting during a member's tenure of office, this is a ground for revoking his appointment.

1. the application and integration of the principles contained in the Labor Charter according to the developments of the corporate system and the requirements of national production;
2. legislative bills and the promulgation of rules in conformity with law no. 100, January 31, 1926, when these have as their object the regulation of production and labor;
3. the protection on the part of the syndical associations of the interests of their category and the exercise of the functions of public interest delegated to them by the state according to clause III of the Labor Charter;
4. the promotion of the increase in production by the syndical associations in the sense

of article 4, last paragraph, of law no. 563, April 3, 1926, and of clause VIII of the Labor Charter, which is carried out either directly or through the association operating under their supervision and control, with particular regard to the observance of the principles contained in the syndical legislation and in the Labor Charter respecting private initiative and freedom of administration;

5. the activities of the corporative organs and institution having as their object the increase, coordination and perfecting of production, of culture, and of national art, in the sense of article 44 (b) of royal decree no. 1130, July 1, 1921, and of clauses VI and VIII of the Labor Charter;
6. the relations between the different syndical associations, their complementary bodies, and the corporative organs and institutions, in the carrying out of the activities indicated in the preceding paragraphs;

Duties of the National Council of Corporations

ART. 10: The National Council of Corporations shall be called upon to give its opinion on the following special subjects:

1. the application and integration of the principles contained in the Labor Charter according to the developments of the corporate

system and the requirements of national production;

2. legislative bills and the promulgation of rules in conformity with law no. 100, January 31, 1926 when these have as their object the regulation of production and labor;
3. the protection of the part of the syndical associations of the interests of their category and the exercise of the functions of public interest delegated to them by the state according to clause III of the Labor Charter;
4. the promotion of the increase in production by the syndical associations according to article 4, last paragraph of law no. 563 April 3, 1926 and of clause VIII of the Labor Charter, which is carried out either directly or through the association operating under their supervision and control, with particular regard to the observance of the principles contained in the syndical legislation and in the Labor Charter respecting private initiative and freedom of administration;
5. the activities of the corporative organs and institutions having as their object the increase, coordination, and perfection of production, culture, and national art according to the terms of article 44b of royal decree no. 1130, July 1, 1921 and of clauses VI and VIII of the Labor Charter;

6. the relations between the different syndical associations, their complimentary bodies, and the corporative organs and institutions, in the carrying out of the activities indicated in the preceding paragraphs;
7. the coordination of the relief activities assigned to the syndical associations with those of the national relief. Institutions mentioned in article 19 of royal decree No. 1130, July 1, 1926, and with other relief institutions promoted or carried on by state-subsidized bodies, or by the National Fascist Party, or by private enterprise;
8. questions relating to the syndical organization of the various professional categories;
9. the recognition of syndical associations according to article 4 of law no. 563, April 3, 1926; revocation of the recognition according to article 9 of the same law; and the revocation of the authority granted by the decrees of recognition to the higher grade syndical associations to exercise supervision and protection over the lower grade associations in accordance with the first paragraph of article 37 of royal decree No. 1130, July 1, 1926;
10. the authorization for the recognition of national confederations other than those mentioned in article 41 of royal decree No. 1130, July 1, 1926;

11. appeals presented in the last instance to the Minister of Corporations according to article 9 of the royal decree no. 1130, July 1, 1926, against refusal of admission into a legally recognized association or against expulsion or other form of exclusion therefrom, as well as appeals against the refusal to admit a lower grade association into a higher grade association and against the exclusion of a lower grade association from a higher grade association according to article 33 of the royal decree above-mentioned;
12. directions for the formation of the budgets of the syndical associations;
13. the regional and national coordination of the labor exchanges according to article 8 of royal decree No. 1003, March 29, 1928, for purposes common to the various branches of activity for which corporations have not yet been constituted;
14. constitution of individual corporations according to article 42 of royal decree No. 1130, July 1, 1926;
15. scientific and popular propaganda for the better understanding of the principles upon which the corporate system is based;
16. the fixing of syndical dues.

In general, the National Council of Corporations, may be called upon to give its opinion on any question

whatsoever relating to national production. The opinion of the National Council of Corporations cannot, however, be substituted for that of the other consultative organs of the state normally competent in the matter, when the opinion of the latter organs is obligatory under the law.

Request for the opinion of the National Council of Corporations shall be obligatory:

- a. in those matters indicated in paragraph No. 9 in lieu of the opinion of the Council of State prescribed by legal dispositions hereby revoked and accordingly modified in this sense;
- b. in those matters indicated in paragraph No. 10;
- c. in those matters indicated in paragraph No. 11 when these concern appeals against the refusal of admission to a legally recognized association or against the exclusion of lower grade associations from higher grade associations;
- d. in those matters indicated in paragraph No. 14.

In these cases the opinion shall always be pronounced by the general assembly.

ART. 11: Syndical associations of category, after obtaining the necessary authorization as provided for in the statutes from the federations or confederations to which they belong, may, except when the laws in force otherwise provide, ask the National Council of

Corporations for authority to fix the rates of remuneration for professional services rendered by those whom they represent and to issue compulsory regulations regarding the profession governing all those belonging to the category.

The authority above referred to shall be conferred by the National Council of Corporations meeting in general assembly upon the proposal of the competent section or subsection.

The rates of remuneration and the regulations authorized in the above manner shall be submitted to the Minister of Corporations for ratification and shall become executive upon their publication in the *Official Gazette of the Kingdom* and in the *Official Bulletin of the Ministry of Corporations*, which is made at the request of the interested associations.

ART. 12: The National Council of Corporations shall have, in addition, the following functions:

1. It shall formulate rules for the coordination of relief work carried on by legally recognized syndical associations, by their complementary bodies, or by corporative institutions;
2. It shall formulate rules for the coordination of the various regulations dealing with labor matters that have been set up through collective contracts and other similar means, according to law no. 563, April 3, 1926, as

well as for the coordination of every other rulemaking activity of the corporations;

3. It shall make rules regulating the collective economic relationships between the various categories of production represented by the legally recognized syndical associations.

The exercise of the functions indicated in paragraphs No. 1 and 2 shall, in each case, be conferred upon the Council of Corporations by the Head of the government upon the proposal of the Minister of Corporations, while the exercise of the functions indicated in paragraph no. 3 shall be conferred upon the Council by the interested associations, subject to the necessary authorization mentioned in the statutes, and with the consent of the Head of the government.

The associations referred to may, furthermore, in the manner indicated above, request the Council to ratify agreements come to between themselves on the subjects indicated in the first paragraph of the present article. In such cases the Council shall be empowered to make the granting of its ratification conditional upon the acceptance on the part of the interested associations of such modifications in the above-mentioned agreements as it may deem necessary.

Rules formulated and agreements ratified by the Council according to the above dispositions, shall become obligatory insofar as concerns the associations and the individual members who belong to the categories thereby represented, in derogation of the dispositions

of article 22, first paragraph, of royal decree No. 1130, July 1, 1926, and for purposes mentioned in article 10 paragraph 4, of law no. 563, April 3, 1926, and article 55 of the above-mentioned royal decree, upon publication in the *Official Gazette of the Kingdom* and in the *Official Bulletin of the Ministry of Corporations*. Such publication may be forbidden by a ruling, which is final, of the Head of the government.

Controversies relative to the application of the above-mentioned rules shall come within the competence of the labor magistracy, according to the dispositions of law no. 563, April 3, 1926, and royal decree No. 1130, July 1, 1926.

ART. 13: By a decree of the Head of the government upon the proposal of the Minister of Corporations, there may be conferred upon the individual sections and subsections of the Council the attributes and powers of the corporations themselves contemplated in article 3 of law no. 563, April 3, 1926, with regard to the corresponding branch of production or category of undertakings belonging thereto, with the exception, however, of those categories of undertakings for which a corporation has already been constituted.

In this case, however, the functions of conciliation contemplated by article 17, first paragraph of law no. 563, April 3, 1926, and by article 44, letter a, of royal decree no. 1130 of July 1, 1926, are reserved to the Ministry of

Corporations which shall fulfill them in the manner set forth in Article 19 of the present law.

ART. 14: The sections and subsections of the Council shall fulfill, furthermore, liaison functions with respect to the corporations formed for the different categories of undertakings representing the corresponding branches of production. Such functions and the way in which they are to be fulfilled shall be determined by a decree of the Head of the government.

The Central Corporative Committee

ART. 15: The Central Corporative Committee shall be constituted within the National Council of Corporations.

The task of the Central Corporative Committee shall be to coordinate the activities of the Council; to replace in the intervals between the sessions thereof, the General Assembly in urgent matters requiring discussion, excepting, however, those questions indicated in article 12, and to give its opinion on questions reflecting the political orientations of the syndical activity with regard to the national problems of production and to the moral aims of the corporative organization.

ART. 16: The Central Corporative Committee shall be composed of the following: the Ministers of Corporations, for the Interior, for Agriculture and Forests; the Secretary of the National Fascist Party, the Undersecretaries of State for Corporations, the Presidents of the National Confederations of Employers and Workers

and of those practicing the liberal professions and arts, the President of the National Cooperative Association, the President of the National Institution for Social Assistance, and the Secretary General of the National Council of Corporations.

General Provisions

ART. 17: The ministers and undersecretaries of state may, with the authorization of the Head of the government, attend the meetings of the various organs of the Council when the questions to be discussed are of interest to the ministries which they represent.

The directors general of the ministries above referred to may also be called upon to participate in the above-mentioned meetings by provisions of the President of the Council. Technical advisers and representatives of the syndical associations of category may also be called upon to sit on the Council in the manner and for the purposes mentioned in the decree regulating the application of this law.

ART. 18: The Head of the government may invite the representatives of permanent international organizations in which Italy participates through delegation named or authorized by the government of the king, to attend the meetings of the various organs of the Council in the capacity of observers.

ART. 19: The functions of conciliation regarding syndical controversies, required of the Corporations according to article 17, first paragraph, of law no. 563, April 3, 1926 and to article 44 of royal decree No. 1130, July 1, 1926, shall, in the cases where such corporations have not yet been constituted, be performed by the Ministry of Corporations directly.

The attempt at conciliation by the above ministry following failure of the attempt made by the competent syndical confederation shall, in the above case, be obligatory for the purposes envisaged by the above-mentioned article 17.

ART. 20: The government of the king is authorized to issue by royal decree all the necessary dispositions for the application of the present law, for the coordination thereof with the other laws of the state, and for the organization of the bureau of the Council.

Composition of the Sections of the National Council of Corporations

I. Section of Freelance Professions and the Arts

A. Subsection of Freelance Professions

Designated by the National Federation of Fascist Syndicates of Freelance Professionals and Artists:

1. The President of the National Federation of Fascist Syndicates of Freelance Professionals and Artists.

2. A representative of the National Fascist Syndicate of Lawyers and Attorneys.
3. A representative of the National Fascist Syndicate of Doctors of Economic and Commercial Sciences and Doctors of Social Sciences.
4. A representative of the National Fascist Syndicate of Accountants.
5. A representative of the National Fascist Syndicate of Engineers.
6. A representative of the National Fascist Syndicate of Architects.
7. A representative of the National Fascist Syndicate of Chemists.
8. A representative of the National Fascist Syndicate of Mathematicians.
9. A representative of the National Fascist Syndicate of Surveyors.
10. A representative of the National Fascist Syndicate of Physicians.
11. A representative of the National Fascist Syndicate of Veterinary Doctors.
12. A representative of the National Fascist Syndicate of Pharmacists.
13. A representative of the National Fascist Syndicate of Notaries.
14. A representative of the National Fascist Syndicate of Journalists.
15. A representative of the National Fascist Syndicate of Midwives.

B. Subsection of the Arts

Designated by the National Federation of Fascist Syndicates of Freelance Professionals and Artists:

1. The President of the National Federation of Fascist Syndicates of Freelance Professionals and Artists.
2. A representative of the National Fascist Syndicate of Authors and Writers.
3. A representative of the National Fascist Syndicate of Fine Arts.
4. A representative of the National Fascist Syndicate of Musicians.
5. A representative of the National Fascist Syndicate of Architects.
6. A representative of the National Fascist Syndicate of Journalists.

Designated by the General Fascist Confederation of Italian Industry:

7. A representative of the National Fascist Federation of Publishers.
8. A representative of the National Association of Newspaper Editors.
9. A representative of the National Fascist Federation of the Theatre, Moving Picture and Related Industries.
10. A representative of the Autonomous Fascist Federation of Artisans Associations, designated by the Federation itself.

II. Industries and Crafts Section

A. Industrial Subsection

1. The President of the General Fascist Confederation of Industry.
2. Seven representatives designated by the General Fascist Confederation of Italian Industry, two of whom represent managers of industrial concerns.
3. The President of the National Federation of Fascist Industrial Syndicates.
4. Seven representatives of industrial employees and laborers designated by the National Federation of Fascist Industrial Syndicates, two of whom represent employees.
5. Two representatives of the National Association for Cooperation, designated by the association itself.

B. Crafts Subsection

1. The President of the Autonomous Fascist Federation of Artisans Associations.
2. Two representatives of the Autonomous Fascist Federation of Artisans Associations, designated by the Federation itself.
3. The President of the National Federation of Fascist Syndicates of Industry.
4. Two representatives of the National Federation of Fascist Industrial Syndicates,

designated by the Federation itself from among the representatives named for the subsection of industry.

III. Agriculture Section

- A. The President of the National Fascist Confederation of Agriculturists.
- B. Seven representatives designated by the National Fascist Confederation of Agriculturists, two of whom represent managers of agricultural concerns.
- C. The President of the National Confederation of Fascist Agricultural Syndicates.
- D. Seven representatives of agricultural employers and laborers designated by the National Confederation of Fascist Agricultural Syndicates, two of whom represent technicians.
- E. Two representatives of the National Association for Cooperation, designated by the association itself.

IV. Commerce Section

- A. The President of the National Fascist Confederation of Merchants.
- B. Six representatives designated by the National Fascist Confederation of Merchants, two of whom represent managers of commercial concerns.
- C. The President of the National Confederation of Fascist Syndicates of Merchants.

- D. Six representatives of employers and employees of commerce, designated by the National Confederation of Fascist Syndicates of Merchants.
- E. Two representatives of the National Association for Cooperation designated by the association itself.

V. Sea and Air Transport Section

A. Subsection of Sea Transport

- 1. The President of the National Fascist Confederation of Sea and Air Transport.
- 2. Four representatives designated by the National Fascist Confederation of Sea and Air Transport, one of whom represents managers of such concerns.
- 3. The President of the National Fascist Confederation of those engaged in Sea and Air Transport.
- 4. Four representatives of seamen, designated by the General Fascist Confederation of those engaged in Sea and Air Transport, one of whom represents captains and engineers.
- 5. One representative of the National Association for Cooperation, designated by the association itself.

B. Subsection of Air Transport

1. The President of the National Fascist Confederation of Sea and Air Transport.
2. Three representatives designated by the National Fascist Federation of Sea and Air Transport Enterprises of which one is to be the representative of the directors of concerns.
3. The President of the National Fascist Federation of Airmen and Seamen.
4. Three representatives of airmen, designated by the National Fascist Federation of Seamen and Airmen, of which one represents air pilots and officials.
5. A representative of the National Association for Cooperation designated by the association itself.^b

VI. Land Transport and Inland Navigation Section

- A. The President of the National Fascist Federation of Land Transport and Inland Navigation.
- B. Four representatives designated by the National Fascist Federation of Land Transport and Inland Navigation, of which one represents managers of such concerns.
- C. The President of the National Federation of Fascist Syndicates of Land Transport and Inland Navigation.
- D. Four representatives of employees and laborers, designated by the National Federation

of Fascist Syndicates of Land Transport and Inland Navigation.

- E. A representative of the National Association for Cooperation designated by the association itself.

VII. Banking Section

- A. The President of the General Fascist Banking Federation.
- B. Four representatives designated by the General Fascist Banking Federation.
- C. The President of the National Federation of Fascist Bank Syndicates.
- D. Four representatives of bank employees, designated by the National Federation of Fascist Bank Syndicates, of which one represents bank officials.
- E. The provincial Councils of Corporative Economic Composition and Operation.

Footnotes

- a. The representative of the National Fascist Syndicate of Journalists in the "arts" subsection is chosen from among journalists exercising their profession under the particular aspect of art and literature.
- b. The representative of the National Association for Cooperation in the Air Transport subsection may be the representative appointed for the Sea Transport subsection.

Chapter Ten

To the National Council of Corporations (1930)

IN THIS SPEECH to the National Council of Corporations in Rome on April 21, 1930, Mussolini provides his recipe to exit or attenuate the financial storm after 1929 by lowering production costs, the discount rate, and protectionist barriers. There is also Mussolini's explanation of corporative policy and the law establishing the corporative state. The corporative council would eventually replace the Chamber of Deputies within the fascist state in 1939.



Comrades, Sirs.

Before laying out the points of this speech, I wanted to reread in the *Gazzetta Ufficiale* the text of the law of March 20, 1930 number 206, which establishes the National Council of Corporations. I wanted to reread it in order to be able to define the institute that I have the pleasure to inaugurate as concisely as possible on this day of the founding of Rome and the labor festival.

The definition could be as follows: the National Council of Corporations is to the Italian economy what the joint chiefs of staff is to the armed forces. It is the brain that thinks, prepares, and coordinates. The military comparison should not displease you because the Italian economy really has to fight a crude, incessant war that needs a general staff, officers, and troops up to the task and the situation.

The Italian economy is represented in the seven sectors specified in article 4 of the law,^a which all of us must certainly know by heart, because it was heatedly debated during the last two years. But this limited general staff extends to the General Assembly, when there are matters on the daily agenda of a general nature.

It is perfectly logical to call on all the directors of the National Fascist Party to participate. Since they made the revolution, they cannot be excluded from the institutions the revolution is carrying out in every field. Some directors of ministries must also get involved in a quite useful manner to delve into and solidify the

contacts between the vital forces of the nation and the executive tools of state administration. The President of the Association of Disabled War Veterans is to be called as well; not only for problems of specific interest to that sector, but in moral recognition of their sacrifices in wartime and of their peacetime role. Finally, there will be ten persons that I will call as experts or assessors. This is an important statement since the fascist regime does not want to isolate doctrine and men of learning and close them up in their studies or laboratories, but rather hopes for them to provide a concrete contribution to solve economic problems, that after great wars, since the Punic Wars, have always seriously troubled all peoples.

The assignments of the National Council of Corporations are clearly and reasonably indicated in articles 10 and 12. This last article in particular gives the law a particular flavor. Without this article, the Council would simply be a consulting body. Under this article, the law launches a new element into Italian economic and social life. The first two paragraphs of article 12 are important but not unusually so. The third paragraph, on the other hand, is the keystone of the entire law, which if only for those three lines deserves to be called revolutionary. The precautions that follow in article 12 are the confirmation that this is not a jump in the abyss, like the usual antifascist misoneists tried to make people believe. Rather it is a measured but determined step forward.

Article 12 contains everything about a corporation that the fascist state wants and intends it to be. It is in the corporation that fascist trade unions find their purpose. Trade unionism, of any type, holds to a common line, except for its methods. It begins by educating individuals for a life of membership. It continues with the stipulation of collective bargaining agreements enacted for solidarity in terms of aid and benefits; and is completed by the certification of professional ability. Socialist trade unionism, through the path of class struggle, aims at a political result and has as a final solution the suppression of private property and individual initiative. Fascist trade unionism, through class cooperation, leads to the corporation where collaboration becomes systematic and harmonious, safeguarding property, but elevating its social function, respecting individual initiative in the scope of the economic life of the nation.

Trade unionism cannot be an end unto itself. It either consumes itself in political socialism or in a fascist corporation. Only in the corporation can economic unity of sectors be achieved: capital, labor, technology. Only through the corporation, that is through the collaboration of converging forces towards a single goal, can the vitality of trade unions be ensured. Only through an increase in production, and therefore of wealth, is collective bargaining able to guarantee ever improving conditions for the working classes. In other words, trade unionism and corporations are interdependent and influence each other. Without trade unions, corporations are not

possible. But without corporations after the first phases, the very same trade unions waste their efforts on details unrelated to the productive process as spectators and not agents and become static rather than dynamic.

This is what happens in all of the countries of the west when trade unions are unable to attain the so-called socialization of the means to production and of exchange as occurs in Italy with corporations. Instead they mark time or become involved in battles that regularly end in disaster. Unions reach a point at which they either change into something else or they adapt to normal administrative practices. It is due to this line of reasoning that I assign the greatest importance to article 12 of the law. I also confirm the originality and the strength of this institution, in which the corporation becomes not only an economic but also a political and moral expression.

I want to add immediately that one must not expect great deeds and unprecedented miracles all of a sudden from the work of the National Council of Corporations, which for all practical purposes begins today. The operations that it must bring into harmony and if necessary stimulate, take place at an interesting moment for the world economy. I said interesting, in the sense that it requires the attention of the government and the managerial class. This is not an Italian phenomenon, but is global and therefore Italian as well. It is a situation of distress, in greater or lesser severity, and it is completely pointless to insist on discussing the causes,

since they are known by every second-rate observer of current economic reality.

There were dramatic and resounding events, such as the black days of last October at the New York Stock Exchange, the drop in wholesale prices, the figures of the unemployed that rose to 1,675,000 in England, with an increase in half a million in the space of a year, the 2,350,000 in Germany, and an undefined but certainly high number in the United States. These are facts for comparison and opinions within the reach of even the most average newspaper reader.

The agricultural situation is particularly serious in Germany, France, Spain, England, in the United States as well as in smaller countries. It is not without significance that the new chancellor of the Reich, Brüning, has raised a flag for rural issues and announced almost draconian measures to lift up the German agricultural economy.

Out of these shadows, the coming light is represented by the total reorganization of the currencies of all of Europe. There is settlement of reparations that at least for a certain period will set credit relationships between Germany and the allies, and symptoms of recovery in the American market.

As for us, it has by now been ascertained that Italian economic activity in 1929 was higher than in all previous years. Almost every agricultural product hit a high; with record productivity in industry, steel production, many manufactured goods, synthetic silk

production and some chemical products. Imports of fossil fuels, minerals, oils and the production of hydro-electric energy reached levels not seen in the past.

The balance of trade in 1929 marked an improvement of nearly 900 million from 1928. There was an improvement in international figures on both sides of the balance sheet no matter what is said. Despite all of this, discomfort remains especially for the problem for the Italian economy that must adapt to the same formula whether for agriculture or industry. Production costs must fall in relation to prices. By focusing on and reducing the costs of production as much as possible, prices can retain a margin of profit on costs.

This problem is multifaceted. To solve it, not only is there need for energy, logic, initiative, but also individual financial sacrifice. What is needed is state intervention with appropriate and timely measures.

Some of the measures have already been adopted. I will remind you of the most recent.

The reduction of the discount rate from seven to six-and-a-half percent was the first step in the reduction of the cost of money. The freeing of foreign exchange was the final answer given to remaining defeatists, as well as the shady prophets of doom, who until March 11 were raving about the changes in rates which had been set by law for 28 months. The lira, unhindered and no longer injured, is on its own way and safe in the world with nothing to fear. The extension for loans abroad and tax relief for company mergers; the end of 195 grotesque internal

state tariffs that created 195 compartmentalized pools impeding the free transit of people and merchandise that should occur without hindrance, at least domestically.

Tariff reform not only has the goal of reducing the cost of living, but also more importantly of creating domestic economic national unity and requiring stricter policies from the communes which now can no longer easily increase revenues by forever increasing customs. These “grotesque” customs are now gone but had continued in Italian economic life for the understandable, but antifascist reason of moral laziness. Their disappearance is a mark of the activities of the fascist regime.

Given that 1930 marks the collapse of all of the residual effects of the war economy, the time will come for price controls, which are actually completely useless in a period of falling prices. Thus on June 30 even the constraints on housing will cease in all of Italy. I want to believe that the subsequent “permits” for owners will not be so numerous that I will be forced to adopt other constraints. Other mitigating aid measures will be adopted in the coming months.

Agriculture will always be the main branch of the Italian economy, not only for expected reasons that are an inspiration to the politics of this regime, but because hundreds of millions of savings in rural areas have evaporated in these last five years due to the collapse of a myriad of banks and often unstable smaller banks. Anytime one speaks of a “crisis,” it is principally

in agriculture, where the process for price adjustment is more difficult to reach, given the slower production cycles of a rural economy.

But the coronation of all the measures already mentioned and those under preparation is the payment of the consolidated national debt, the “dead hand” of Italian finances. Up to a fourth of total state revenues were dedicated to interest payments. What is even more serious is the situation for the bearers, who cannot cash in their promissory notes, nor clear them without running the risk of selling at a loss.

In order to guarantee monetary reform it was necessary to create barriers. Today it is necessary to remove them, to put this stagnating wealth back into circulation. Therefore we must pay out the nine-year bonds at their first maturities, and start to pay down the national debt in an effective and tangible manner.

Comrades! Sirs!

These are the policies that the fascist government intends to carry out and will carry out in order to facilitate further improvement in the Italian economy and to aid you in your tasks. The corporative regime is at its height, not only from today on, as it has overcome the tests of these last years. It has shown its usefulness and vitality especially in these hard times that we have endured.

So get to work, in this new institute, new to Italy and new to the world, with a high sense of responsibility, with a vision not limited but global for the problems

that you must examine, with a spirit of honest, modern, fascist collaboration for a National Council of Corporations that will meet the objectives for which it was created; to increase the power and the well-being of the Italian people.

Footnote

- a. These sectors are 1) Freelance Professionals 2) Industry and Craftsmen 3) Agriculture 4) Commerce 5) Land Transportation and Inland Navigation 6) Sea and Air Transports 7) Banking.

Chapter Eleven

The World Economic Crisis (1930)

IN THIS SPEECH at the inaugural session of the National Assembly of Corporations on October 1, 1930, in Rome, Mussolini speaks about the international financial crisis with examples of companies taken under state control and discusses the centrality of the corporate system, the “cornerstone of the fascist state.”

Comrades!
Your assembly has a very important matter on today's agenda: the overhaul of the trade union system. After 5 years of experiences, an overhaul was needed,

and let us state right away, this overhaul is not subversive but a simple and vital improvement. The corporative trade union system—it can never be overstressed—is the cornerstone of the fascist state. It is the creation that confers “originality” upon our revolution. This system will face up to the age old problem of the relationship between the classes, which has been made more acute and exasperated during the present period of capitalist civilization. This system establishes organizations that are inseparable from the regime, because they clearly identify, compare, and separate this regime from the rest.

Either the fascist state is corporative or it is not fascist. This has meaning, once and for all, for two types of people: the transcendentalists and the latecomers. The trade union system, the economic organization of the nation, has overcome the arduous tests of this five-year period. Nobody ever promised that the corporative regime would bestow immediate, abundant wealth upon all Italians. The corporative trade union organization was created with the highest goals of the nation in mind and to a lesser degree for the well-being of the individuals who comprise it.

From the inauguration of National Council of Corporations to the present day, five months have passed. By speaking to you, by addressing myself to you, whom I have already defined as the joint chiefs of staff of the Italian economy, I cannot, nor do I want to excuse myself from explaining my point of view on the situation.

Since I have accustomed you to my deliberate, precise speaking manner devoid of euphemisms and hesitations, do not be amazed if I tell you that the situation as of October has worsened noticeably worldwide and not only in Italy. In fact in October 1929 came the explosion—and one could even say high explosion—of the American crisis. It gives us no satisfaction to note that the economic depression has become more acute in every country. In fact this causes us profound sadness. Nor shall we seek an alibi or justification thereby. Those who believe that there are paradises elsewhere can freely go and see, feel, and test for themselves.

As for Italy, four indisputable indices portray the current situation: the number of promissory notes in default, the number of bankruptcies and failures, reduced worker employment, and the contraction of state revenue.

It is understood that the government does not watch the evolution of this phenomenon like an indifferent spectator, or will only rely on natural processes for a recovery and return to equilibrium. The government will intervene as is its right and duty whether in individual cases or when important collective interests are in play. Have not all of the wartime economic barriers, which I will not bore you with, been removed as promised?

Let me ask, could the state ignore the fate of the Cosulich Navigation and Shipbuilding Company when

Cosulich is such an important part of the economy of the Venezia-Giulia region? Could the state imitate the unworthy conduct of Pontius Pilate in front of *Cotoniere Meridionali*, a large Neapolitan industrial concern that employs about ten thousand workers? Could the state remain insensitive to the danger that 18 thousand small depositors in the province of Novara would see their sacred, hard-earned savings cut in half? Could the state refuse industrial concerns requesting to raise their consignment guarantee from 65 to 75 per cent when 200 million in orders from Russia were at stake?

I cite from memory some of the most recent and notable cases and leave out lesser known ones which are more individual in nature. But I would like to remind everyone of state intervention in the marble industry, the cotton industry in Veneto, and the banks in Veneto and the Marches.

Naturally those who are already dead can no longer be saved. The fascist government is not insensitive or removed from the stress of the situation, as vile antifascist voices have been insinuating. It has the pulse of the nation in its hands! All of the feverish, ill, shipwrecked are sending out an SOS but not all can be saved. Some deserve to go under. The majority of the latest belong to the category, which has grown enormously since the war, of bunglers, men who are quite enterprising, fearless and nimble in industry and finance and who remain supremely and calmly omniscient when it comes to business ventures. They run the gamut from

cement to chocolate, from the heaviest of materials like lead to the lightest artificial silk.

They are the real Cagliostros of the economic world, complicating everything with their endless networks of companies that are all faces of the same prism, with boards of directors comprised of mere orderlies who do not really manage or advise. Their budgets are optimistic and their dividends invented. This is the real, genuine and most dangerous of the antifascist breed, swindlers of the public good will, for whom prison would mean little. In their role as sowers of ruin and misery who provoke infinite harm, they deserve the death penalty! There have already been examples from Aosta and Campobasso. But from now on it will be made more forcefully understood that the public is not to be deceived with impunity, that money saved with such effort cannot be squandered with impunity.

The actions of the regime—good and bad, punitive or supportive—are on course and enacted day after day as any of you can check. Nobody who is intelligent and a gentleman can expect miracles. As of today there have been none, not even from Hoover, the most powerful man in the richest country in the world.^a This entails the elimination of the sources of greatest distress, the promotion of healing forces, the reclamation of the morals of producers, because even morale has its importance in economic development.

Men work, produce, consume but above all they have nervous systems that react positively and negatively—in

the very real game of the unknown—on work, production and consumption.

The question that comes spontaneously to the mind and the tongue is this: at what point do we find ourselves? How long will this last? This is the question that men in the trenches asked over the years. The same question arises from those who for three years have been holding fast in the trenches of the Italian economy.

What I am about to tell you must not be taken as an absolute, but rather as a point of view, the result of a continuous, diligent examination of the situation. If there are no other unforeseen and irreparable events such as a war—and here let me add that Italy has done, is doing, and will do everything possible in order to avoid war. If the stages of the phenomenon are not upset by outside influences, we are already putting the night at our back and are walking towards dawn.

In other words, the crisis has reached its acute phase in these days with a new crash in America, after which the choice is simple: either the end or recovery. But since neither the world economy nor humanity can perish, what will occur is a recovery. One must not, however, be hasty at this point. This recovery cycle cannot last less than three years when attempting to measure, over time, a transition from the current austerity to relative prosperity.

It is a given that the fascist regime will put into place all of the necessary measures to shorten, where possible, the duration of this cycle. Because the fascist regime

is mathematically sure to overcome this, as it has with other less arduous trials. . . .

Footnote

- a. Herbert Hoover (1874–1964) President of the United States of America (1929–1933).

Chapter Twelve

The Economic Policies of the Regime (1930)

A SPEECH TO THE Senate on December 18, 1930, discussing the repercussions on Italy of the American stock market crash of 1929. Mussolini offers details of the efforts of the regime to counter and adapt to the international crisis with particular attention to the genesis of the international crisis in terms of past and fascist economic policies regarding the small banking crisis (which Mussolini blames on Catholics), deflationary tendencies, budget deficits, and wage reductions consequent of the quota 90 policy of fixing an exchange rate of 90 Italian lira to 1 pound sterling. Of particular interest are the comments regarding the consumer society model of the United States and efforts by the regime to encourage reductions in production costs to stimulate exports.



Honorable Senators!

Let me take the opportunity to examine the situation, the Italian and global situation, in order to explain the motives of the economic policies of the government and the objectives that those policies are determined to reach. I will make a very clear, blunt, naked speech, holding nothing back.

After all, you are accustomed and know that I may be reproached for excessive sincerity but not for a lack thereof. It may be, perhaps, an unusually dry speech, supported by facts and figures, but you are well aware that from time to time such speeches are necessary in order to update the situation.

At the end of the summer of 1929 the Italian economic situation was seemingly satisfactory. All of the indices in agriculture and industry showed important gains. Consumption of electric energy had increased as had iron and steel production. The yearly harvest was plentiful. We were heading towards home with the port just in sight when on October 24, 1929 the American crisis exploded unexpectedly like a bomb. For us poor provincials in old Europe, the explosion was a great surprise. We were shaken and stunned like at the announcement of the death of Napoleon. We had been led to believe that it was the land of limitless, absolute prosperity where everyone was rich, without decadence, never to be eclipsed. Everyone knows these commonplaces by heart. There was a car for every eight inhabitants, a radio for every four, a telephone for every

three. Everyone played the stock market since stocks always rose. Everyone bought stocks at twenty and sold at a hundred taking a profit from the difference that allowed them to buy a car, a radio, a telephone, take a trip to Europe paying in installments, and maybe even building a home in the neighborhood. Everything was marvelous and fantastic. Even those of us on this side of the ocean felt a sense of euphoria. Then at a certain point this scenario crumbled and we had a series of black, extremely black days when stocks lost 20, 30, and 50% of their value.

That crisis still has not healed. Black days followed and out of prosperity came the soup and bread lines in the great cities of the United States of America.

It is with deep sadness that I make these remarks, dear sirs, and you can easily understand why without any urging on my part. The fact is that after that day on we have been pushed out to the high seas, and since then navigation has been extremely difficult. The state budget showed the first signs of strain as of last year. We ended with a surplus of 65 million which perhaps upon a review of the accounts will rise to one hundred, but still makes for a modest surplus. We have already come halfway without taking a breath. Naturally, the new fiscal year immediately showed new signs of fatigue. In the middle of July we had a deficit of 124 million that rose to 221 in August, decreasing to 216 in September, and 154 in November. There has been somewhat of an improvement in the deterioration.

As of this moment in which I am speaking to you we have a deficit that may be calculated at about 900 million. A deficit of 900 million is, it must be stated straight away, as serious as a lost battle, as the ceding of a territory of the homeland, a national catastrophe. It is an extremely serious matter that calls for the full attention of the government and requires that all citizens, including senators and deputies, not make continuous requests for new expenditures, for which we must find revenue which would mean taxes and levies. For the impetus to spend does not come from large centers but from the hinterland, a truth that must be stated once and for all.

I did relate the details of the situation before on April 21st and October 1st. But now the months of summer have been quite difficult for myself and the government. First of all, we have continued and almost completed banking reform. In 1919 a Sicilian priest got it into his head to conquer Italy.^a There was, in fact, a period in which ministers were appointed and relieved as if he had a veto like an ancient tribute of the plebeians. He marched in three directions with a political party that sided with the socialists and was numerous and important enough to have 103 deputies in the house. (By the way, it is not new in recent history for socialists and Catholics to march together against what they call the radical tendencies in the contemporary spirit). Then they created a trade union movement that in terms of bolshevism (and there are senators here from Treviso

who are witnesses) conceded points to the red trade union movement. Finally let us be clear, it created and empowered an infinite series of credit institutes from small rural banks to large national institutions. From this vast grand scheme nothing remains but broken pieces I have been collecting. Due to religious institutes in Italy, a billion from poor people went up in smoke! I do not want to speak for six hours instead of the five that I allowed myself. I could read you the list of all of the institutes that went under which as you can see is a rather large collection of pages. We saved many of them through usual operations, mergers, acquisitions, direct or indirect aid of that banking hospital known as the Institute of Liquidation, which we thought to be able to close on December 31, 1930, but which must remain open for a certain number of years.

Now this recovery process is nearing its conclusion. It has been arduous and annoying but I would hope that from this podium to be able to recommend to those who care for souls not to take such an interest in worldly affairs, to leave banking to the bankers, because banking cannot be improvised. You should not be surprised to learn that many times the closing of banking windows coincided with the opening of jail cells, where in this moment a fair number of directors are reflecting on the ups and downs of life.

August 13th. You might respond, "A date." Yes, a date like any other. August 13th was the date I sent a telegram to all of the prefects of the provinces of Liguria,

Piedmont, Lombardy, Cremona, Emilia Romagna and some provinces of central Italy with instructions to issue as many passports as possible for abroad, for every country of the world, excluding the United States but including Russia, where, by the way, as of today nobody asked to go. Why? Has there been a change in our emigration policy? No. But an unusual situation was created in Italy. Many, in good faith, really believed that hell was here and paradise elsewhere. That in Italy there was misery and elsewhere abundance ruled. Only Italy had unemployment, not elsewhere. Well, from a moral point of view these measures have achieved a 100% result. In the first days, police headquarters were crowded, overcrowded with people insistently requesting passports. Then the crowds diminished and today more are returning than leaving. Thousands, tens of thousands of individuals have been completely cured and realize that at this moment in time there is no easy country in any part of the world.

Then the government prepared a program of public works that are undoubtedly useful because they were not determined by electoral concerns. 424,000 workers were able to find employment.

Finally, towards the end of summer, I named a commission to track down every possible saving in each administrative budget. This is the first time that I speak publically about this commission, a parliamentary commission that has worked seriously and has already completed the first part of its work, an interesting task

that will continue. This commission has received a warm welcome from every ministry, save none, including state-controlled agencies. There is no doubt that we will heed the results of their efforts.

But in the meantime let us return to the budget that is 900 million in deficit. What should be done? Impose new taxes? No, that is not possible. Make current taxes harsher? Not either. The tax burden in Italy is considerable, extremely heavy. We cannot make it any heavier. On this subject, however, you should not think that the citizens are taxed due to some whim, that the finance ministers take some sort of sadistic pleasure in imposing taxes. No, all governments would be happy, and are happy, when they can reduce taxes and levies.

That there is a heavy tax burden in Italy is demonstrated by these figures. In 1913–1914 direct taxes produced 560 million gold lire. The same taxes comparatively gave 5 billion 192 million in 1929–1930. The business tax gave 338 million in 1913–1914, 3 billion 168 million in 1929–1930, the customs gave 225 million in 1913–1914. Today they give more than 5 billion. The state monopolies gave 335 million in 1913–1914 whereas in 1929–1930 they gave 2 billion 939 million. The lottery gave 107 million in 1913–1914 and 554 million in 1929–1930. The total of all the principle revenues was one billion 965 million then and 17 billion 174 million today. Adding minor revenues one arrives at a figure of 2 billion 265 million in 1913 and 19 billion 838 million in 1929–1930, an increase of 8 and $\frac{1}{2}$ times. Nevertheless,

considering that in 1913–1914 Italy had 35 or 36 million inhabitants and that today there are 43 million, one should not be amazed that the budget has increased, especially since the phenomenon is not unique to us.

I saw in the magazine of deputy Marin, the President of the Republican Federation, an article entitled *La situation budgétaire* (*The budgetary situation*) that in 1927 the French state budget was 39 billion 551 million, which increased to 45 billion by 1928, and to 50 billion in 1930–1931.

Excluding increases in present taxes or the introduction of new ones, we had to look at the budget to see what could be done. Since I had to get the troops going, like any good general I began with what was at hand, on the ones I could count upon and whose discipline was reliable. I am speaking of state employees and civil servants in different sectors. . . .^b

I hope that none among you thinks that we can cut from the funds destined for interest payment on the national debt! That is a negligence that never entered our heads. We have already inflicted serious damage to the bearers of public bonds, those good citizens who every so often come to regret having had faith in the state. One can understand that upon the enactment of currency pegging, it became necessary to consolidate the national debt. Otherwise the pegging itself ran the risk of not succeeding, as initial attempts at pegging were unsuccessful in Belgium. But from the moment that we have inflicted this damage to the bearers of the

national debt, we did not think to afflict them a second time by curtailing interest payments. Debt consolidation is a serious matter. Under debt consolidation the state can pay the bearer of a state-signed promissory note when and if it pleases. These bearers at least retain the security of interest payments which, gentlemen, means 4 billion 500 million.

Could we look at reducing the war pensions weighing down the state budget? Not in the least. It is a debt of recognition that we owe to these heroes. Could we think of reducing military expenditures?

It is quite true that military expenses went from 650 million pre-war to about 5 billion and have increased another 2 billion from 1922 to the present day. Irrespective of the fact that this money remains at home, are there any among you—who I must look in the eye—who think that in this moment when everyone is rearming prodigiously while bleating about peace, that we should run the moral risk of not thinking about our basic, indispensable defenses? That would mean that history, including the history we have experienced ourselves, does not teach men anything.

In the meantime, I had come to talk about a few aspects of the economic situation related to the price of gold bullion since October that are of great interest. If 1913 is taken as a base year at one hundred, we note that in the second week of December the gold price indices in Italy, as indicated by the Provincial Economic Council of Milan are: Italy 100.7, the United

States according to Professor Irving Fisher 120.7; England according to the *Financial Times* 100.2; Germany 118.3; France *Statistique Général* 102.6. Therefore we are at pre-war levels.

The two aspects of the phenomenon coincide perfectly.

But then I came to another realization, that agriculture, the most important part of the national economy, was already at quota 90, and had actually gone beyond quota 90. Italian agriculture in particular has really been tested. As occurred with the rural infantry, it arrived first and leaving its dead, wounded, and missing along the way.

Take a look at the prices of grain according to Bachi in the study *Wheat* from the Fascist Technical Agricultural Union. Grain in January, 1910 cost 30.37 per quintal, then 27.12 in 1911; 29.57 in 1912; 30.20 in 1913; 27.16 in 1914. For July—we took two typical months—27.20; 26.35.; 29.62; 27.89; 26.62. You can see that there was not much change in prices. Now we are below these levels by a factor of 4. Let us take the *Il Sole* newspaper from yesterday, the Milan Market, cereal section. We see wheat: 103.25. Note that this is the Milan market price, but in reality at some markets such as Adria and Rodigino and elsewhere, wheat is sold at 100, 95, and even at 90. Corn is at 48.15, rice at 96.50; paddy rice is at a very depressed price, 61.65 and even lower.

Here as well we could pose the question *quid agendum* (what to do?). I have asked myself, “Can these

prices be raised? And if so, how? And if so, is it desirable to raise them?" I am convinced that it is not possible.

On the other hand, there is not much to be done, perhaps the already extremely high customs barriers could be raised, but as has been seen at a certain point this proves counterproductive. Customs duties, like some medicines, become poisonous beyond a certain dose, just like poison can act like a medicine within certain dose limits. In November 1929, with the customs duty at 50 lire per quintal, grain cost 130; this year, with the customs duty at 60, it costs 105.

Everything depends on the large harvest from the United States of America which is still in large part unsold. Excluding further recourse to another raise in already high trade barriers, other measures should be considered. For example, the United States of America has the Farm Board,^c a rural office with a small capital of 500 million dollars, about 9 billion 500 million Italian lire. This Farm Board has the role of keeping agricultural commodity prices relatively high. It is unable, or has been unable to the present day not only to increase prices but even to keep them at current levels or prevent further decreases.

Without realizing that for such an evident and obvious monopoly on commerce an entire organization is needed that cannot be improvised one day to the next, such actions cannot be taken a bit at a time. We have our own negative experience from the war, but if that was understandable then, it is no time to repeat it today.

Therefore to improve the fate of agriculture which is tied to the fate of Italian industry, there only remains one solution which is the reduction of production costs. After all, until a month ago the situation was as follows. We had a stabilized and deflated currency and an economy largely inflated taking into account conditions and the hearts of men. We were out of sync to use an electrical term. At a certain point we had to lengthen the yardstick or reduce other factors for measurement. But one cannot lengthen a yardstick! Nobody has ever considered doing that. After 3 years it would be madness and lead us to unimaginable disorder.

On the other hand, sirs, when one speaks about re-evaluating the lira, what does that mean? This is not a mundane issue. The lira has never been revaluated. On December 21, 1927 the lira was irreparably, definitively, legislatively devalued by three-fourths, because before the war, sirs, the lira was worth one hundred gold centimes and was at times prized above other currencies. Today it is worth 26 centimes. It has lost 74. The Italian lire is a great disabled war veteran! It would merit the *ad honorem* membership card from the appropriate association. All that it has left is its heart, beating tirelessly. But naturally in Italy there is no shortage of fanatics, fools, ignoramuses and criminals who want, desire and insist that the lira should go all the way to zero, that 86 billion in savings invested in the national debt go up in smoke, that the lira should fall towards the abyss with the fantastic speed of the mark, which

lost 682,000 units per minute to the point that it took a billion to buy a postage stamp and 4 billion 200 million to buy nothing. This was the abyss that I avoided with the speech at Pesaro.

Thus to reduce expenses I sent other sectors to face the fire: industrial workers, agricultural workers, those in air, land, and sea transportation, bank employees. And all of them marched! I naturally also made homeowners and merchants march. These two categories of people, I must say, do not enjoy much sympathy from most citizens.

But this is overblown. There are a half million homeowners, in Rome alone there are 35 thousand. The merchants number 800 thousand. Therefore, it is no cause for alarm if, from time to time it is reported that 10 or 12 individuals had to close their stores. This is the percentage of deserters and draft-dodgers accompanying every army, even those comprised of heroes and lions. Nor on the other hand should the sense of discipline among the working masses be exaggerated too enthusiastically. If it were not for the entire corporative structure of the Italian state, the reductions would have been above 8%.

When there is a push from masses of the unemployed, salaries decrease. Salaries increase when there are two bosses looking for the same worker, and fall when there are two workers looking for a boss.

So, with a month of hindsight, we must recognize that the Italian people in all categories have displayed an

admirable level of discipline. But what does that mean? In order to unburden the Italian economy there could be a reduction in agricultural worker salaries from a minimum of 10 to a maximum of 25 and above as long as no salary is less than 8 lire a day, meaning that Italian agriculture has been reduced by one billion and 200 million. Industry has been reduced by a total between 800 million to a billion. Adding the 720 million in salary cuts to state employees and the 300 million to all other employees, as well as the millions from all the craftsmen in different sectors, gives a total of 3 billion and perhaps more. This means that we have taken 3 billion out of circulation. It takes 3 billion less in monetary terms for the normal running of the Italian economy.

There is no doubt that retail prices have declined. Here as well we must guard against exaggeration. There are some pessimists who say that things cost more than before. There are the hard to please who believe that from now on one can eat without paying for anything. In reality, a reduction in retail prices has occurred, especially looking at the long period from 1926 to 1930. I will cite these figures as examples. The autonomous agency of consumption in Bologna provides the following figures: bread from 2.75 to 1.80 with another decrease of 10 cents just today; pasta from 4.20 to 2.60; rice from 3.30 to 2.50 although it can also be found at 1.90; domestic Swiss cheese from 19 to 11.90; tuna in olive oil from 32 to 16.50; soap—an item of indisputable civility—from 5.60 to 3.25.

But someone might ask, “Isn’t this just a temporary flare up? Tomorrow won’t things be just as bad if not worse?” Well, tomorrow will not be like today for the following reasons. First of all, there are price control institutions. I am speaking of the “*Provvida*” and of the “*Spacci Liverani*,” of large cooperative organizations such as the Cooperative Alliance of Turin and the Cooperative Union of Milan and the communal consumption agencies. Then merchants have benefitted from a 10% reduction in the rents on their places of business. From January on they will have even lower prices for transportation and they will have reduced expenses for employees.

When we looked into the salaries of bakers we found some interesting things. First of all, “quintal,” terrible word that means after baking 150 thousand kilograms of bread the baker could go where he pleased. Then there is the question of night shifts that does not make much sense today because of the modernization of ovens and because millions of workers now work night shifts. These night shifts were compensated with salaries that were too high, which we naturally reduced.

There is the reduction in wholesale prices that leads to a reduction of liquidity in circulation. If you add everything up, you will find that my prediction was not at all reckless regarding the level to where we brought them.

Some among you may say at this point, “Well, where is all this taking us?” And here we have to deal with the commonplace that if everybody is forced to stand on their toes there is no change in the difference in relative

heights. Well sirs, this leads us to something very important. It leads to this. Today, having stabilized the lira means monetary stability so that everything depends upon currency levels. There will no longer be large deviations, great gains or high salaries. Work will be within the margins created in good years and within the restrictions of poor years.

Dear senators, there is news today that merits a moment of your attention. Germany has put back into circulation the one cent coin which was discarded after men had taken to measuring large sums by the billion. This is therefore the result of a moral recovery in concert with the effort for economic recovery.

Now I will examine the economic crisis in all of its international aspects beginning with Italy. The figures that I will read are reliable, from Mr. Jung, President of the International Export Institute. Here are the percentage changes in 1930 with respect to 1929 in the largest countries in Europe. Italy: down 18.7%; France down 12.7%; Belgium down 15.6%; Germany down 9.5%; the United States down 22.5%; Switzerland down 14.9%; Czechoslovakia down 11.4%; Holland down 12.3%; Great Britain down 19.8%. The most salient aspect of the crisis is therefore the contraction in imports and in exports.

Another striking aspect is unemployment which is at 5 to 6 million in the United States; about 4 million in Germany; about 2.5 million in England; 400 thousand in Austria; 400 thousand in Poland; 535 thousand in

Italy but I believe it will increase. One should not be surprised if between the end of January and the end of February we will have to include an additional 100 thousand unemployed to the calculations.

Naturally, such unemployment poses serious problems for governments. In England, for example, expenditures on the unemployed have soared to 9 billion 250 million Italian lire. The unemployed in England cost 70 million per week.

Another indication of the crisis are national deficits. England expects a deficit of 45 million sterling, about 4 billion Italian lire. The United States expects a deficit of several hundred million dollars, which is considerable. Germany has a very large deficit that Chancellor Brüning is trying to fix with heroic measures. Even Switzerland has a budget deficit. Steering a course is difficult for every country in the world. The crisis is universal. The contemporary world is profoundly ill due to a number of maladies.

Naturally, all the great doctors, economists, philosophers, and sociologists lean over the patient, observing to see what will happen. What are the causes? The most recent explanation is Russian dumping, that Russian, or perhaps one should say Soviet, economic measures have added another factor to upset the world economy. Russian dumping is quite important. For the record, out of 9 million quintals of grain imported into Italy from July to December, one million 800 thousand quintals came from Russia.^d

Some seek an explanation for the distress in trade barriers. Seen from above at least from the standpoint of tariffs, the whole world seems like it is set in a gigantic version of the Middle Ages. Some lay the blame on armaments expenses. The paradox of the current period is that the more talk there is of peace, the more preparation there is for war. Another factor is political insecurity. There is no doubt that the peace treaties coming out of the heated period of 1919 and 1920 no longer correspond to the real requirements of the current mindset. Others accuse the depreciation of silver, which was the currency used in all of Asia. Some refer to the revolts in Latin America, the chaos in India or China. I remember one day a gentleman who was enthusiastic about the economic methods in the United States said to me, "Just think that China has 400 million inhabitants and would have places for 20 million cars." I answered, "Great, but before sending 20 million cars to China one would have to create 20 million Chinese who can permit themselves the luxury of owning a car."

It takes between 6 and 8 years to make 5 million cars. It will take a century to change the standard of living for 20 million Chinese.

Another factor in the confusion is the blocking of gold in two countries: the United States and France.^e There is no doubt that congestion or indigestion, like anemia, can cause serious problems. Finally we are at the mother of all explanations, the imbalance between production and consumption. Here in my opinion we

are approaching the real truth. The watchword for the Americans was, "Mass production, mass consumption." This formula was wrong, as they themselves have realized. Wrong, because production is done by machines and consumption by men. It was a logical formula, from a purely mechanical point of view, but all it took was a small hitch to make it collapse.

American prosperity was tied to the assumption that production and consumption would march in lock step. What if consumption gave signs of fatigue? Then the jockeys, like on a race track, would spur the horse of consumption.

How? With high salaries. But since high salaries were not enough, then with sales on payment plans, production cut to the extreme and finally wild advertising that created an unhealthy inflationary mindset. When consumption started showing signs of fatigue, a full crisis broke out.

All this causes some reflection and thought, perhaps even a case where such circumstances have previously been explained by experts in economic theory. The current manner of production unleashed forces it could no longer control, so that an economy that had already experienced restrictions in the workplace, would also have to be restricted inside states and state federations.

I will not insist on minor considerations unproven by rigorous, scientific study.

Now that we have listed all possible causes of the world crisis, let us consider remedies, although there

are no heroic remedies. The only thing to do is to try to perk up the forces of nature with intelligence and timeliness. Proposals can be made, ideas launched, perhaps a conference could discuss these problems. However, all the conferences held so far, whether on general or particular topics have not given satisfactory results.

This is not a problem to be solved by technicians; either it will be solved politically or not at all.

Nevertheless, there are some signs of recovery on the dark horizon. Not a recovery comparable to previous years, but compared to previous months. Parts of the textile, silk, as well as electrical energy and construction industry in the United States have signaled considerable recovery in October if compared to the previous September and August. It is commonly held that the deeper the crisis, the quicker and more dramatic the recovery, not only for the world generally but for Italy in particular.

We have our own capacity to resist, and it may seem paradoxical, but our capacity to resist is related to the fact that our economic system is not yet overly developed.

Fortunately the Italian people are not used to eating many times a day. Since they have a modest standard of living, they feel suffering and shortages less. Only the extremely selfish, upper classes scream that the sky is falling when they have to make do with two cars instead of three.

With these negative but still important considerations there are other vital positive factors. The fascist state has

organized all interests and framed all national factors into categories so the government can intervene and not allow itself to be surprised by events. It is not a question of whether or not the government should intervene. That would be a waste of time. When a private company reaches beyond certain limits, it is no longer a private but rather a public company. A craftsman's business may be private but when an industry, a credit institute, a business, a bank, controls billions and employs tens of thousands of people, how can one think that its success or failure is the personal affair of the director of that business or the shareholders of that industry? No. At that point it becomes part of the national interest. The state, the political expression of the legal, moral will of the nation cannot remain on the sidelines. It would sow ruin.

Nor will our recovery be made difficult by the deplorable maneuvering underway that I define as true acts of war against Italy.

The process is well known. An obscure 2nd or 4th rate Viennese newspaper puts out the news that there has been a violent falling out between the government and an important banking institute.^f This news item, ignored in Vienna, is reported in Warsaw, and then in Paris. The press chain reaction imparts an authentic triple falsehood.

Then another defeatist maneuver follows—the proposal attributed to the government to devalue the lira and bring it down to the level of the franc. Here is something curious. With the lira at eighty-five and the

franc at 125 we have a rather favorable trade balance with France. Then there is the story about loans, also false. Anything in the vain and useless attempt to make our recovery more difficult. Sirs, Italy will overcome this crisis just as others which were no less serious in more difficult times under different men.

Our people are well-disciplined. After a severe crisis like the one following the battle of Custoza,^g or after the no less serious crisis that Italy went through from 1894–1900, or the serious crisis that followed 1917, or the serious crisis from 1919–1920; the Italian people always came back, honorable senators, because of their deep virtue, the virtues of the ancient and yet ever youthful Italian people. In my spirit flares a certainty like a ray of sunshine in the full glow of a summer afternoon. If the Italian people remain faithful to their virtues of diligence, honesty, and fertility they will be the master of their future and the arbiter of their destiny.

Footnotes

- a. A reference to Don Luigi Sturzo (1871–1959) founder of the Popular Party and leading figure among Catholic opposition to fascism.
- b. In this section Mussolini lists various categories of state employees and their reduction in salaries since 1929.
- c. The Federal Farm Board established in 1929 by Herbert Hoover was a government agency that attempted to fix prices for agricultural products through government market intervention.
- d. Grain export policies by the Soviet Union had devastating repercussions on the Ukrainian population as a forced famine,

the *Holodomor* (1932–1933) claiming the lives of millions of Ukrainians.

- e. The policies of the Roosevelt administration included the devaluation of the US dollar from \$20 to \$35 per ounce of gold. Executive order 6102 forbade the hoarding of gold bullion by private citizens.
- f. The failure of Austria's largest bank, the Kredit-Anstalt in May 1931, is often cited as a starting point for the worldwide chain reaction of bank runs of the post-1929 financial crisis.
- g. Two battles were fought at Custoza in 1848 and 1866 involving Italian independence from Austria. Mussolini is mostly likely referring to the second.

Chapter Thirteen

The Doctrine of Fascism

(1932)

— EXCERPTS —

THIS DOCUMENT, WRITTEN by the regime's official philosopher, Giovanni Gentile, and co-authored by Mussolini, attempts a theoretical exposition of fascist doctrine. It appeared under the entry for "Fascism" in the *Enciclopedia Italiana* (1932), edited by Gentile as part of a celebration for the tenth anniversary of fascist rise to power in 1922. The document tries to create a political and philosophical rationale for fascism by criticizing the individualistic foundation of liberalism in the 18th century as well as the vision of history as class struggle in Marxism. However, Gentile does not allow for similarities between pre-liberal and fascist absolutism. The footnotes in the section are those

from the original text, which consist of quotations (indicated with quotation marks) from Mussolini's speeches that support Gentile's philosophical arguments.



In the Fascist conception of history, man is man only by virtue of the spiritual process in which he contributes as a member of familial, social groups, the nation, and history and in which all nations contribute. Hence the great value of tradition in memory, language, custom, and the rules of social behavior.^a Outside history man is a nonentity. Fascism is therefore opposed to all individualistic abstractions based on eighteenth century materialism; and it is opposed to all Jacobin utopias and innovations. It does not believe in the possibility of "happiness" on earth as conceived by the economic literature of the 18th century, and it therefore rejects the teleological notion that at some point in history the human race will arrive at a definitive settlement. This notion runs counter to experience which teaches that life is in continual flux and evolution. In politics fascism aims at realism. In practice it desires to deal only with those problems which are the spontaneous product of historical conditions and which find or suggest their own solutions.^b Only by entering into the process of reality and taking possession of the forces at work, can man act on man and on nature.^c

Anti-individualistic, the fascist conception of life stresses the importance of the state and accepts the

individual only insofar as his interests coincide with those of the state, which stands for the conscience and the universal will of man as an historic entity.^d It is opposed to classical liberalism which arose as a reaction to absolutism and exhausted its historical function when the state became the expression of the conscience and will of the people. Liberalism denied the state in the name of the individual. Fascism reasserts the rights of the state as expressing the real essence of the individual.^e And if liberty is to be the attribute of living men and not of abstract dummies invented by individualistic liberalism, then fascism is for liberty, and the only liberty worth having, the liberty of the state and of the individual within the state.^f Since for a fascist, everything is in the state. Outside of the state no human or spiritual values exist or have value. Thus understood, fascism is totalitarian, and the fascist state is a synthesis and a collection of all value; interpreting, developing, and strengthening the whole life of a people.^g

There are neither individuals nor groups (political parties, cultural associations, economic unions, social classes) outside the state.^h Fascism is therefore opposed to socialism which ossifies history into class struggle and ignores the unity within the state that amalgamates classes into a single economic and ethical reality. Fascism is likewise opposed to class-based trade unionism. But when brought within the orbit of the state, fascism recognizes the real needs which gave

rise to socialism and trade unionism. Fascism wants to recognize them and afford them due weight in the corporative system where divergent interests are coordinated and harmonized in the unity of the state.ⁱ

Individuals form classes according to their interests. They form trade unions when organized according to various, shared economic activity. But first and foremost they form the state which is not a matter of numbers like the sum of the individuals forming the majority of a people. Fascism is therefore opposed to that form of democracy which equates a nation with the majority by lowering everything to the level of the majority.^j This is the purest form of democracy if the nation is to be considered, as it should be, in terms of quality rather than quantity, an idea that is stronger because more ethical, more coherent, and truer. So that what is enacted is the consciousness and the will of a few, actually of one, as an ideal that will tend towards the expression of the consciousness and the will of everyone.^k From all those who because of nature, history, and ethnicity become part of a nation, advancing, as one conscience and one will, along the same line of development and spiritual formation. Not a race nor a geographically defined region, but a people, historically perpetuating itself; a multitude unified by the idea of the will for existence and power, self-consciousness, and personality.^l

Political and Social Doctrine

(EXCERPTS)

Such a conception of life makes fascism the resolute negation of the doctrine underlying so-called scientific and Marxian socialism, the doctrine of historic materialism which would explain the history of mankind in terms of the class struggle and by changes in the processes and instruments of production, to the exclusion of all else. Nobody can deny the importance of events in economic life: discoveries of raw materials, new technical processes, and scientific inventions. But that they suffice to explain human history to the exclusion of other factors is absurd. Fascism believes now and always in sanctity and heroism, that is to say in acts in which no economic motive—remote or immediate—is at work. Having denied historic materialism, which sees men as mere puppets on the surface of history, appearing and disappearing on the crest of the waves while in the depths real directing forces move and work; fascism also denies the immutable and irreparable character of class struggle which is the natural outcome of this economic conception of history. Above all, it denies that class struggle is the preponderating agent in social transformations. Having thus struck a blow at socialism in the two main points of its doctrine, all that remains of it is the sentimental aspiration—old as humanity itself—toward social relations in which the sufferings and sorrows of humbler

folk will be alleviated. But here again fascism rejects the economic interpretation of happiness as something to be secured socialistically, almost automatically, at a given stage of economic evolution when all will be assured a maximum of material comfort. Fascism denies the materialistic conception of happiness as a possibility, and abandons it to the economists of the mid-eighteenth century. This means that fascism denies the equation: well-being = happiness, which sees men as mere animals, content when they can feed and fatten, thus reducing them to a vegetative existence pure and simple. . . .

Fascism is definitely and absolutely opposed to the doctrines of classical liberalism, both in the political and the economic sphere. The importance of liberalism in the 19th century should not be exaggerated for present-day wrangling, nor should we make of one of the many doctrines which flourished in that century a religion for mankind for the present and for all time to come. Liberalism really only flourished for fifteen years. It was born in 1830 as a reaction to the Holy Alliance which tried to force Europe back to before 1789. It reached its zenith in 1848 when even Pius IXth was a liberal.^m Its decline began immediately after that year. If 1848 was a year of light and poetry, 1849 was a year of darkness and tragedy. The Roman Republic was killed by another republic, that of France. In that same year Marx,ⁿ in his famous *Communist Manifesto*, launched the gospel of the religion of socialism. In 1851

Napoleon III made his antiliberal *coup d'état* and ruled France until 1870 when he was turned out by a popular uprising following one of the severest military defeats known to history.^o The victor was Bismarck^p who never even knew anything of liberalism and its prophets. It is symptomatic that throughout the 19th century the religion of liberalism was completely unknown to so highly civilized a people as the Germans but for one parenthesis which has been described as the "ridiculous parliament of Frankfurt," which lasted a single season.^q Germany attained her national unity outside liberalism and in opposition to liberalism, a doctrine which seems foreign to the German temperament, which is essentially monarchical, whereas liberalism is the historic and logical antechamber of anarchy. The three stages in the making of German unity were the three wars of 1864, 1866, and 1870, led by such "liberals" as Moltke^r and Bismarck. As for Italian unification, liberalism played a very minor part when compared to the contribution made by Mazzini^s and Garibaldi^t who were not liberals. Without the intervention of the antiliberal Napoleon III we would not have had Lombardy, and without that of the antiliberal Bismarck at Sadowa and at Sedan very probably we should not have had Venice in 1866, and in 1870 we would not have entered Rome.^u The years going from 1870 to 1915 cover a period which marked, even in the opinion of the high priests of the new creed, the twilight of their religion, attacked by decadentism in literature and by activism in practice.

Activism: that is to say nationalism, futurism, fascism. The liberal century, after piling up innumerable Gordian knots, tried to cut them with the sword of the World War. Never has any religion claimed so cruel a sacrifice. Were the Gods of liberalism thirsting for blood? Now liberalism is preparing to close the doors of its temples, deserted by the peoples who feel that the agnosticism it professed in the sphere of economics and the indifference of which it has given proof in the sphere of politics and morals, would lead states to ruin in the future as they have done in the past. This explains why all the political experiments of our day are antiliberal, and it is supremely ridiculous to endeavor on this account to put them outside the pale of history, as though history were a preserve set aside for liberalism and its professors; as though liberalism were the last word in civilization beyond which no one can go.

The fascist negation of socialism, democracy and liberalism, should not, however, be interpreted as implying a desire to drive the world backwards to positions occupied prior to 1789, a year commonly referred to as that which opened the demo-liberal century. One cannot go back. The fascist doctrine has not taken De Maistre^v as its prophet. Monarchical absolutism is of the past, and so is ecclesiolatry. Dead and done for are feudal privileges and the division of society into impenetrable, non-communicating castes. Nor does the fascist conception of authority have anything in common with a police state. A party governing a nation in

a totalitarian way is a new event in history. There are no points for reference nor comparison. From beneath the ruins of liberal, socialist, and democratic doctrines, fascism extracts elements that are still vital. It preserves what may be described as the acquired facts of history and rejects everything else. That is to say, it rejects the idea of a doctrine suited to all times and to all peoples. Granted that the 19th century was the century of socialism, liberalism, democracy; this does not mean that the 20th century must also be the century of socialism, liberalism and democracy. Political doctrines pass; nations remain. We are free to believe that this is the century of authority, a century tending to the "right," a fascist century. If the 20th century was the century of the individual (liberalism implies individualism) we are free to believe that this is the "collective" century, and therefore the century of the state. It is quite logical for a new doctrine to make use of the still vital elements of other doctrines. No doctrine was ever born anew and bright and unseen. No doctrine can boast absolute originality. It is always connected, if only historically, with those which preceded it and those which will follow it. Thus the scientific socialism of Marx links up to the utopian socialism of the Fouriers, the Owens, the Saint-Simons.^w The liberalism of the 19th century traces its origin back to the Enlightenment of the 17th, and the doctrines of democracy to the Encyclopaedists. All doctrines aim at directing the activities of men towards a given objective; but these

activities in their turn react on the doctrine, modifying and adjusting it to new needs, or surpassing it. A doctrine must therefore be a vital act and not a verbal display. Hence the pragmatic strain in fascism, its will to power, life, its attitude toward the existence of "violence," and its value.^x

The keystone of the fascist doctrine is its conception of the state, of its essence, functions, and aims. For fascism the state is an absolute in front of which individuals and groups are relative. Individuals and groups enter into thinking so far as they are under the state. Instead of directing the game and guiding the material and moral progress of the community, the liberal state restricts its activities to recording results. The fascist state is wide awake and has a will of its own. For this reason it can be described as an "ethical" state. At the first quinquennial assembly of the regime, in 1929, I said:

The fascist state is not a night watchman, only concerned with the personal safety of the citizens. Nor is it organized exclusively for the purpose of guaranteeing a certain degree of material prosperity and relatively peaceful conditions of life. A board of directors could do as much. Nor is it a purely political creation, not concerned with practical realities and the complexities of the lives of individuals and of peoples. The state, as conceived and realized by fascism, is a spiritual and ethical entity for securing the

political, juridical, and economic organization of the nation, an organization which in its origin and growth is a manifestation of the spirit. The state guarantees domestic and external safety of the country, but it also safeguards and transmits the spirit of the people, elaborated down the ages by language, customs, and faith. The state is not only the present, it is also the past and above all the future. By transcending the individual's brief spell of life, the state represents the immanent conscience of the nation.⁷ The forms in which it finds expression change, but the need for it remains. The state educates the citizens to civic duty, makes them aware of their mission, urges unity and though justice, harmonizes their divergent interests. It transmits to future generations the conquests of the mind in the fields of science, art, law, human solidarity. It leads men up from primitive tribal life to that highest manifestation of human power—imperial rule. The state hands down to future generations the memory of those who laid down their lives to ensure its safety or to obey its laws. It sets up as examples and records for future ages the names of the captains who enlarged its territory and of the men of genius who have made it famous. Whenever respect for the

state declines and the disintegrating and centrifugal tendencies of individuals and groups prevail, nations head for the sunset.

Since 1929 universal economic and political evolution have emphasized these doctrinal stands where the state looms large. It is the state that can solve the dramatic contradictions within capitalism. What has been defined as a crisis cannot be solved if not by the state and within the state. Where are the shades of the Jules Simons who, in the early days of liberalism proclaimed that the “State should endeavor to render itself useless and prepare to hand in its resignation?”^z Or of the McCullochs who, in the second half of last century, urged that the state should desist from governing too much?^{aa} Or what would the Englishman Bentham who considered that all industry asked of government was to be left alone, say in front of the continuous requests and inevitable state interventions in the economy?^{bb} Or the German Humbolt who expressed the opinion that the best government was a “lazy” one?^{cc} It is true that the second generation of liberal economists was less extreme than the first. Even Adam Smith^{dd} left the door ajar—however cautiously—for government intervention in the economy. If liberalism means individualism, then fascism means the state. But the fascist state is a unique and original creation, it is not reactionary but revolutionary. It anticipates solutions to certain universal problems raised elsewhere: the fractiousness of political parties,

parliamentary bullying, the irresponsibility of assemblies; in economics by the increasingly numerous and important functions discharged by trade unions and trade associations in disputes and agreements that affect both capital and labor; in the ethical field by the need for order, discipline, obedience to the moral dictates of the fatherland. Fascism wants a strong and organic state based on the broad foundation of popular support. The fascist state lays claim to the area of economics. Through the corporate, social, and educational institutions it has created, the reach of the state arrives even to extreme geographical limits. All the political, economic and spiritual forces of the nation are organized in their respective associations circulating within the state. A state based on millions of individuals who recognize its authority, feel its action, and are ready to serve its ends is not the tyrannical state of a medieval lord. It has nothing in common with the despotic states existing prior to or subsequent to 1789. The fascist state does not nullify the individual, it multiplies his energies. Just as in a regiment a soldier is not diminished but multiplied by the number of his fellow soldiers. The fascist state organizes the nation, but it leaves sufficient margins for the individual. It has curtailed useless or harmful liberties while preserving those which are essential. In such matters only the state can be the judge, not the individual.

The fascist state is not indifferent to religious phenomena in general nor does it maintain an attitude of

indifference to Roman Catholicism, the special, positive religion of Italians. The state does not have a theology but it has a moral code. The fascist state sees religion as one of the deepest of spiritual manifestations and for this reason it not only respects religion but defends and protects it. The fascist state does not attempt, as did Robespierre^{ee} at the height of the revolutionary delirium of the Convention, to set up a “god” of its own; nor does it vainly seek, as does Bolshevism, to efface God from the soul of man. Fascism respects the God of ascetics, saints, and heroes, and it also respects God as conceived by the ingenuous and primitive heart of the people, the God to whom their prayers are raised.

The fascist state expresses the will to exercise power and to command. Here the Roman tradition is embodied in a conception of strength. Imperial power, as understood by the fascist doctrine, is not only territorial, or military, or commercial; it is also spiritual and ethical. An imperial nation, that is to say a nation which directly or indirectly is a leader of others, can exist without the need of conquering a single square mile of territory. Fascism sees the imperialistic spirit i.e. in the tendency of nations to expand—as a manifestation of their vitality. In the opposite tendency, which would limit their interests to the home country, it sees a symptom of decadence. Peoples who rise or rebound are imperialistic. Renunciation is characteristic of dying peoples. The fascist doctrine is that best suited to the tendencies and

feelings of a people which, like the Italian, after lying fallow during centuries of foreign servitude, is now reasserting itself in the world.

But imperialism implies discipline, the coordination of efforts, a deep sense of duty, and a spirit of self-sacrifice. This explains many aspects of the practical activity of the regime, and the direction taken by many of the forces of the state. There is the severity which has to be exercised towards those who would oppose this spontaneous and inevitable movement of 20th century Italy by agitating outgrown ideologies of the 19th century, ideologies rejected wherever great experiments in political and social transformations are being dared.

Never before have people thirsted for authority, direction, order, as they do now. If each age has its doctrine, then innumerable symptoms indicate that the doctrine of our age is the fascist. That it is vital is shown by the fact that it has aroused a faith; that this faith has conquered souls is shown by the fact that fascism can point to its fallen heroes and martyrs.

Fascism has now acquired a universality throughout the world that belongs to all doctrines which by achieving self-expression represent a moment in the history of human thought.

Footnotes

- a. "Tradition certainly is one of the greatest spiritual forces of a people, inasmuch as it is a successive and constant creation of their soul." ("Breve Preludio," in *Tempi della Rivoluzione Fascista*, Milano: Alpes, 1930, 13).

- b. "Our temperament leads us to appraise the concrete aspect of problems, rather than their ideological or mystical sublimation. Therefore we easily regain our balance." ("Aspetti del Dramma," in *Diuturna*, Milano: Alpes, 1930, 86).

"Our battle is thankless and yet it is a beautiful battle since it compels us to count only upon our own strengths. We have torn revealed truths to shreds. We have spat on dogmas. We have rejected all theories of paradise, we have baffled charlatans—red, white, and black who placed miraculous drugs on the market to give "happiness" to mankind. We do not believe in programs, in plans, in saints, or apostles. Above all, we believe not in happiness, in salvation, in the promised land."

"We do not believe in a single solution, be it economic, political, or moral, a linear solution of the problems of life, because, oh illustrious storytellers from all the sacristies, life is not linear and can never be reduced to a segment traced by primordial needs." ("Navigare necesse," in *Diuturna*, Milano: Alpes, 1930, 233).

- c. "We are not and do not wish to be motionless mummies, with faces perpetually turned towards the same horizon, nor do we wish to shut ourselves up within the narrow hedges of subversive bigotry, where formulas, like the prayers of a professed religion, are muttered mechanically. We are men, living men, who wish to give our contribution, however modest, to the creation of history." ("Audacia," in *Diuturna*, Milano: Alpes, 1930, 11).

"We uphold the moral and traditional values that socialism neglects or despises; but, above all, fascism has a horror of anything implying an arbitrary mortgage on the mysterious future." ("Dopo due anni," *Diuturna*, Milano: Alpes, 1930, 242).

"In spite of the theories of conservation and renovation, of tradition and progress expounded by the right and the left, we do not cling desperately to the past as to a last board of salvation: yet we do not dash headlong into the seductive mists of the future. ("Breve preludio," *Diuturna*, Milano: Alpes, 1932, 14).

"Negation, eternal immobility, mean damnation. I am all for motion. I am one who marches on. . . ." (E. Ludwig, *Talks with Mussolini*, London, Allen and Unwin, 1932, 204).

- d. "We were the first to affirm, in the face of demo-liberal individualism, that the individual exists only insofar as he is within the state and subjected to the requirements of the state and that, as civilization assumes aspects which grow more and more complicated, individual freedom becomes more and more restricted." ("To the General Staff Conference of Fascism," in *Discorsi del 1929*, Milano: Alpes, 1930, 280).

"The sense of the state grows within the consciousness of Italians, for they feel that the state alone is the irreplaceable safeguard of their unity and independence. The state alone represents continuity into the future of their lineage and their history." ("Message on the VIIth anniversary, October 25, 1929," *Discorsi del 1929*, Milano: Alpes, 1930, 300).

"If, in the course of the past eight years, we have made such astounding progress, you may well think, suppose, and foresee that in the course of the next fifty or eighty years the onward trend of Italy, of this Italy we feel to be so powerful, so full of vital fluid, will really be grandiose. It will be so especially if concord lasts among citizens, if the state continues to be sole arbitrator in political and social conflicts, if all remains within the state and nothing outside the state, because it is impossible to conceive any individual existing outside the state unless he be a savage whose home is in the solitude of the sandy desert." ("Speech before the Senate, May 12, 1928," *Discorsi del 1928*, Milano: Alpes, 1929, 109).

"Fascism has restored to the state its sovereign functions by claiming its absolute ethical meaning, against the egotism of classes and categories. To the government of the state, which was reduced to a mere instrument of electoral assemblies, it has restored dignity, as representing the personality of the state and its power of empire. It has rescued state administration from the weight of factions and party interests." ("To the Council of State, December 22, 1928," *Discorsi del 1928*, Milano: Alpes, 1929, 358).

- e. "Let no one think of denying the moral character of fascism, for I should be ashamed to speak from this tribune if I did not feel that I represent the moral and spiritual powers of the state. What would the state be if it did not possess a spirit of its own, and a morality of its own, which lend power to the laws in virtue of which the state is obeyed by its citizens?"

"... The fascist state claims its ethical character, it is Catholic but above all it is fascist, in fact it is exclusively and essentially fascist. Catholicism completes fascism, and this we openly declare, but let no one think they can turn the tables on us, under cover of metaphysics or philosophy." ("To the Chamber of Deputies, May 13, 1929," *Discorsi del 1929*, Milano: Alpes, 1930, 182).

"... a state which is fully aware of its mission and represents a people which are marching on; a state which necessarily transforms the people even in their physical aspect. In order to be something more than a mere administrator the state must utter great words, expound great ideas and place great problems before this people." (*Discorsi del 1929*, Milano: Alpes, 1930, 183).

- f. "The concept of freedom is not absolute because in life nothing is absolute. Freedom is not a right, it is a duty. It is not a gift, it is a conquest; it is not equality, it is a privilege. The concept of freedom changes with the passing of time. There is a freedom in time of prosperity which is not the freedom of time of war. There is a freedom in times of prosperity which is not a freedom to be allowed in times of poverty." ("Fifth anniversary of the foundation of the *Fasci di Combattimento*, March 24, 1924," *La nuova politica dell'Italia*, vol. III, Milano: Alpes, 1925, 30).

"In our state the individual is not deprived of freedom. In fact, he has greater liberty than the isolated man, because the state protects him and he is part of the state. An isolated man remains defenseless." (E. Ludwig, *Talks with Mussolini*, London, Allen and Unwin, 1932, 129).

- g. "Today we announce to the world the creation of the powerful united state of Italy, ranging from the Alps to Sicily; this state is the expression of a well-organized, centralized, unified democracy, wherein people circulate at ease. Indeed, gentlemen, either you admit the people into the citadel of the state and the people will defend it or, if you close them out, the people will assault it." ("Speech before the Chamber of Deputies, May 26, 1927, *Opere Omnia*, vol. XXII, 360).

"In the fascist regime the unity of all classes, the political, social, and moral unity of the Italian people is fulfilled by the state, only in the fascist state." *Scritti e discorsi* vol. VI, 282.

- h. "We have created the united Italian state. Remember that since the empire, Italy had not been a united state! Here I wish to reaffirm solemnly our doctrine regarding the state. Here I wish to reaffirm no less energetically, the formula I expounded at the Scala in Milan, 'Everything in the state, nothing against the state, nothing outside the state.'" ("Speech before the Chamber of Deputies, May 26, 1927," *Discorsi del 1927*, Milano: Alpes, 1929, 157).
- i. "We are, in other words, within a state that controls all forces acting in the heart of the nation. We control political forces, moral forces and economic forces, therefore we are a full-blown fascist corporative state. . . ."

"We stand for a new principle in the world, we stand for sheer, categorical, definitive antithesis to the world of democracy, plutocracy and free-masonry, to the world which still abides by the fundamental principles laid down in 1789." ("Speech before the new National Directory of the Party, April 7, 1926," *Discorsi del 1926*, Milano: Alpes, 1927, 120).

"The Ministry of Corporations is not a bureaucratic organ, nor does it wish to exercise the functions of syndical organizations which are necessarily independent, since they aim at organizing, selecting and improving the members of the syndicates. The Ministry of Corporations is an institution in virtue of which, in the center and outside, integral corporation becomes an accomplished fact, where balance is achieved between interests and forces of the economic world. Such a balance is only possible within the sphere of the state, because the state alone transcends the contrasting interests of groups and individuals, in view of coordinating them to achieve higher aims. The achievement of these aims is speeded up by the fact that all economic organizations, acknowledged, safeguarded, and supported by the corporative state, exist within the orbit of fascism; in other terms they accept the conception of fascism in theory and in practice." ("Speech at the opening of the Ministry of Corporations, July 31, 1926," *Discorsi del 1926*, Milano: Alpes, 1927, 250).

" . . . we have constituted a corporative and fascist state, the state of national society, a state which concentrates, controls,


harmonizes, and tempers the interests of all social classes which are thereby protected in equal measure. During the years of demo-liberal regime, labor looked with diffidence upon the state, and were outside the state, against the state and considered the state an enemy of every day and every hour. Now there is not one working Italian today who does not seek a place in his corporation or federation, who does not wish to be a living atom of that great, immense, living organization which is the national corporate state of fascism." ("On the Fourth Anniversary of the March on Rome, October 28, 1926," *Discorsi del 1926*, Milano: Alpes, 1927, 340).

- j. "The war was 'revolutionary' in the sense that, with streams of blood, it did away with the century of democracy, the century of numbers, the century of majorities and of quantities." ("Da che parte va il mondo," *Tempi della rivoluzione fascista*, Milano: Alpes, 1930, 37).
- k. "Immanence" is usually a philosophical term indicating divine presence in the physical world in contrast to "transcendence." The inference here is that Gentile ascribes semi-religious, divine qualities to the state.
- l. "Race is a feeling not a reality. It is 95 % feeling." (E Ludwig, *Talks with Mussolini*, London, Allen ad Unwin, 1932, 75).
- m. Pope Pius IX (1792–1878).
- n. Karl Marx (1818–1883).
- o. Louis-Napoleon Bonaparte (1808–1873). Mussolini is referring to the French defeat in the Franco-Prussian War (1870–1871).
- p. Otto von Bismarck (1815–1898) German politician.
- q. Frankfurt Assembly (1848–1849).
- r. Helmuth Karl Bernhard Graf von Moltke (1800–1891) German general and unification leader.
- s. Giuseppe Mazzini (1805–1872), Italian unification leader.
- t. Giuseppe Garibaldi (1807–1882), Italian national unification leader.
- u. Battles in 19th century wars for Italian unification, the *Risorgimento*.
- v. Joseph-Marie de Maistre (1753–1821) French philosopher.

- w. French philosopher François Marie Charles Fourier (1772–1837); Welsh reformer; Robert Owen (1771–1858); French social theorist Henri de Saint-Simon (1760–1825).
- x. A seeming reference to French philosopher Georges Eugène Sorel (1847–1922).
- y. “Immanence” is usually a philosophical term indicating divine presence in the physical world in contrast to “transcendence.” The inference here is that Gentile ascribes semi-religious, divine qualities to the state.
- z. Jules François Simon (1814–1896).
- aa. Scottish economist John Ramsey McCulloch (1789–1864).
- bb. Utilitarian philosopher Jeremy Bentham (1748–1832).
- cc. A seeming reference to the quote of Alexander von Humbolt (1769–1859), “government is best that makes itself unnecessary.”
- dd. Adam Smith (1723–1790), Scottish economist.
- ee. Maximilien de Robespierre (1758–1794), French revolutionary politician.

Chapter Fourteen

On the Corporate State (1933)

 ON NOVEMBER 14, 1933, Mussolini spoke at the Ministry of Corporations while presiding over the General Assembly of the National Council of Corporations. The document is an economic, historical, and political testament to the role that Mussolini saw for his political movement and the doctrines that aim to present fascism as an alternative to both capitalism and socialism/communism. Mussolini forwards a history of capitalism divided into three periods: the dynamic period; a static period of cartels with protectionism and state intervention ending competition; and an inflationary period of decline under super-capitalism with mass standardization in consumer societies. Mussolini interprets fascism, as the culmination of a historical process through which Italy

will no longer be a capitalist country but a corporate, totalitarian country under single-party rule.



The applause that greeted the reading of my resolution yesterday evening made me wonder this morning whether it was worthwhile to make a speech in order to explain a document which has entered directly into your thinking, interpreted by your own convictions, and appealed to your revolutionary spirit.

However, it may be of interest to know through what process of meditation and thought I arrived at the formulation of the resolution presented last night.

But first of all, I wish to congratulate this assembly on the debates held here.

Only halfwits could be surprised that divergent views and shades of opinion were expressed. These are inevitable, I should even say necessary.

Harmony is one thing. Cacophony is another.

On the other hand, in discussing a problem as delicate as the present one, it is perfectly logical and inevitable for everyone to bring not only their own doctrinal preparation and state of mind, but also their personal temperament.

The most abstract of philosophers, the most transcendental of metaphysicians, could not completely disregard or ignore their own personal temperament.

You may recall that, on October 16th of the Year X,^a in the presence of thousands of party officials who

came to Rome for the decennial celebration in piazza Venezia, I asked, "Is this crisis, which has tormented us for the past four years and we have actually been in the fifth year for a over a month, a crisis within the system or because of the system?"

A serious question, which did not allow an immediate response.

In order to answer, reflection is needed, carefully researched reflection.

Today my answer is that the crisis has sunk so deeply into the system that it has become a crisis of the system.

It is no longer an injury, but a constitutional disease.

We can now assert that the capitalistic mode of production has been superseded, and with it the theory of classical economic liberalism which explained and defended it.

I now wish to set out a broad outline of the history of capitalism during the past century, which one might define as the capitalist century. First of all, what is capitalism? Capitalism must not be confused with the bourgeoisie. The bourgeoisie is something else entirely. The bourgeoisie is a way of life which can either be grand or petty, either heroic or philistine.

Capitalism, on the other hand, is a specific mode of production, a system of industrial production.

When capitalism attains its highest expression it is a mode of mass production for mass consumption, financed in mass through the national and international issue of capital. Capitalism is therefore industrial, and

has not manifested itself to any considerable extent in the field of agriculture.^b

I would mark three periods in the history of capitalism: the dynamic period, the static period, and the period of decline.

The dynamic period goes from 1830 to 1870 and coincides with the introduction of the mechanical loom, the appearance of the steam engine and the rise of factories. The factory is the typical expression of industrial capitalism. This was the period of large profits where the law of free competition and the struggle of all against all had free rein. Some fall and die and are picked up by the Red Cross. This period also had crises, but they were cyclical, not lasting, nor universal.

Capitalism still had enough vitality and power to recover and overcome brilliantly. It is the period when Louis Philippe^c exclaimed: "Get rich!" There was the development of urbanization. Berlin which had a hundred thousand inhabitants at the turn of the century reached one million. From the 560,000 at the time of the French Revolution, Paris also approached one million. The same can be said of London and cities across the Atlantic.

During the first period of capitalism natural selection was truly at work. There were also wars, which cannot be compared to the World War we experienced. They were short wars. The Italian war of 1848–1849 lasted four months the first year and four days in the second. The 1859 war lasted a few weeks. The same may be said

of the war of 1866. Nor were the Prussian wars of longer duration. The 1864 war against the Duchies of Denmark lasted a few days. The one in 1866 against Austria, a consequence of the former, lasted a few days ending at Sadowa. Even the 1870 war, with the tragic days of Sedan, did not last more than two seasons.

I would say that in a certain sense these wars stimulated the economic activity of nations. Indeed eight years later, in 1878, France was once again on her feet, and able to organize the World Exhibition, an event which gave Bismarck food for thought.

We shall not call what happened in America heroic. This is a word to be reserved exclusively for events of a military nature. Undoubtedly, the conquest of the Far West was hard and adventurous and had its risks and its fallen like any great conquest.

This dynamic period of capitalism begins with the advent of the steam engine and ends with the opening of the Suez Canal.^d

It was a forty-year period. During those forty years the state was an absent observer. The theorists of classical liberalism say: "You, the state, have but one duty, to act so that your existence is unnoticed in the economic sector. The less you are concerned with problems of an economic character, the better your rule."

Thus, economic activity in every form was regulated only by penal and commercial codes.

But after 1870 this period changed. We no longer had the struggle for life, free competition, the survival

of the fittest. We note the first symptoms of fatigue and of deviation in the capitalist world.

The era of cartels, syndicates, combines, and trusts began. I need not dwell upon the differences between these four forms of capitalist organization for you to sense that the differences between these four institutions are almost immaterial.

It is like the difference between levies and taxes, which economists have yet to define. But for the taxpayer paying to the counter, the point is moot. Whether levy or a tax, it must be paid. It is not true, as an Italian economist of the classical liberal school maintained, that a trustified, cartellized, syndicated economy was a consequence of the war. No, because the first coal cartel formed in Germany, at Dortmund, dates from 1879.

In 1905, ten years before the outbreak of the World War, there were 62 metal cartels in Germany.

There was a potash cartel in 1904, a sugar cartel in 1902. There were ten cartels in the glass industry. Altogether in that period, from 500 to 700 cartels controlled German industry and commerce.

In France, in 1877, the industrial office at Longwy was opened to deal with the metal industry. In 1888 another was opened to deal with petroleum. By 1881 all the insurance companies had coalesced. The iron cartel in Austria dates from 1873. International cartels grew alongside national ones. The bottle factory syndicate was formed in 1907. The one for glass and

mirror factories which included French, English, Austrian, and Italian manufacturers dates from 1909.

In 1904 the makers of railway tracks formed an international cartel. The zinc syndicate was born in 1899. I will spare you a tedious reading of all the chemical, textile, shipping, and other syndicates organized in this period of history.

The British–Chilean nitrate cartel started in 1901. I have here a complete list of national and international trusts, which I will spare you. It can be said that there was no sector of economic life of the countries of Europe and America in which these characteristic manifestations of capitalism were not to be found.

So what were the consequences? The end of free competition.

Once profit margins were reduced, capitalist enterprises found it better to agree than fight, to form alliances and mergers in order divide up markets and share profits.

The very law of supply and demand was no longer dogma. Cartels and trusts made it possible to influence both supply and demand. Eventually this coalesced, “trustified,” capitalistic economy turned to the state. What did it ask for? Customs protection.

Free trade which is only a wider aspect of the doctrine of classical economic liberalism, received a death blow. The first nation to raise almost insurmountable barriers was America. Now over several years even Great Britain has reneged on everything that seemed to be a tradition

of her political, moral and economic life by adopting an increasingly strong protectionist policy.

Then came the war. After the war and as a consequence of the war, there was inflation in capitalist enterprises with degrees of magnitude rising from millions to billions. Seen from afar, these so-called vertical conglomerations gave the impression of something monstrous, babelic.

The very size of the enterprises exceeded human capacity. Before spirit controlled matter, now matter bended and subjugated the spirit.

What was physiology became pathology, everything became abnormal. Two personalities may be identified as typical of the situation. For in all human events representative men come into the horizon: Kreuger, the Swedish matchmaker, and Insull, the American speculator.^e

With the hard truth customary of fascists, let us add that there have also been instances of this type in Italy; but taken as a whole, they have not soared to such heights.

At this stage supercapitalism found inspiration and justification in the utopia of unlimited consumption. The ideal of super-capitalism would be the standardization of mankind, from the cradle to the grave.

Super-capitalism would like all babies to be born the same length so that cradles could be standardized. It would want all children to want the same toys; all men to wear the same uniform, read the same books, like the same films; and crave a so-called labor saving device.

This was not a caprice, but was in the logic of things, for only in this way could super-capitalism make its plans.

When does the capitalistic enterprise cease to be an economic phenomenon? When its very size turns it into a social phenomenon, and it is precisely at this moment that capitalist enterprise finds itself in difficulty and falls like a dead weight into the arms of the state.

This is when state intervention begins, and becomes increasingly necessary, and those who had denied the state seek it anxiously.

We are at the point where if the states of every European nation were to sleep for 24 hours, it would be enough of an interval to cause disaster.

At this stage, there is not a single economic sector in which the state does not have to intervene.

If we were to give in to this last ditch capitalism we would arrive at total state capitalism which is nothing less than state socialism in reverse. One way or another we would arrive at the bureaucratization of the national economy!

This is the crisis of the capitalistic system considered in its universal meaning.

But there is also a specific crisis which concerns us particularly, as Italians and as Europeans. There is a European, a typically European crisis.

Europe is no longer the continent leading civilization. This is a dramatic fact that those whose duty it is to think, must realize and impress upon others. There was a time when Europe ruled the world, politically, spiritually and economically.

Politically, through her political institutions. Spiritually, through everything that the European spirit produced down the ages. Economically, because it was the only highly industrialized continent. But great industrial and capitalistic enterprise has developed beyond the Atlantic. In the Far East, after coming into contact with Europe during the war of 1905, Japan is advancing rapidly towards the West.

The problem is political.

Let us speak about politics. This is an eminently political assembly. Europe could still try to reclaim the helm of world civilization, with a "minimum" of political unity.

The policy we have constantly adhered to should be followed closely. Nevertheless, there can be no political entente in Europe unless grave injustices are repaired.

We have reached an extremely serious point in the situation. The League of Nations has lost everything that could have afforded it political meaning and historical significance.

Furthermore, the very ones who invented it, have chosen not to join.

The absentees are Russia, the United States, Germany, and Japan.

The League of Nations started from one of those principles which sound nice when announced, but which turn out to be absurd once considered, analyzed, and dissected.

What other diplomatic instruments exist that could restore contact between states?

Locarno?^f Locarno is a different matter. Locarno has nothing to do with disarmament. The way out does not lie there.

Great silence has enveloped the Four Power Pact of late.^g Nobody mentions it, but everybody thinks about it.

This is precisely why we do not intend to resume initiatives or speed up the outcome of a situation which, logically and fatally, must come to a head.

Let us now ask another question. Is Italy a capitalistic country?

Have you ever posed yourselves this question? If capitalism means the traditions, customs, technological progress now common to all countries, we can say that Italy is also a capitalistic country.

But if we delve deeply into the matter and examine the situation from a statistical standpoint, according to the different economic categories of the population, then we have data allowing us to say that Italy is not a capitalistic nation in the current sense of the word.

- On the 21st of April 1931, farmers working their own land were 2,943,000, tenant farmers 858,000. There were 1,631,000 sharecroppers and peasants,
- 2,475,000 other agriculturists, farm hands, wage earners, and seasonal workers. The total population directly connected with agriculture, was 7,900,000.
- There are 523,000 in manufacturing, 841,000 in commerce, employed and self-employed

craftsmen 724,000, salaried workers 4,230,000, servants 849,000, persons enrolled in the armed forces of the state, including the police, 541,000; freelance professionals accounted for 553,000, public and private services employed 905,000. The total of this group added to the other comes to 17 million.

- There are not very many property owners or well-to-do in Italy, only 201,000. There are 1,945,000 students and 11,244,000 women who stay home.
- A further figure of 1,295,000 refers to people belonging to other non-professional categories, a figure which can be accounted for in various ways.

You see at once from this survey the complexity and variety of the Italian national economy, and why it cannot be identified with any one type; especially when those in manufacturing amounting to the impressive figure of 523,000 are chiefly owners of small or medium-sized businesses. Small business means those ranging from a minimum of 50 to a maximum of 500 employees. Medium-sized businesses employ between 500 to 5 or 6 thousand workers. Above that figure comes large-scale industry which sometimes runs into super-capitalism. This survey also proves how mistaken Karl Marx was when, in a follow-up to his apocalyptic doctrine, he claimed that society could be divided into two separate classes destined to be eternally irreconcilable.

In my opinion Italy should remain a country with a mixed economy with a strong agricultural sector at the root of everything. Actually the revival in industry as of late is due, in the unanimous opinion of all acquainted with these matters, to the good crop harvests of the last few years. Then there is sound small and medium-sized industry; banks that do not speculate; commerce that fulfills its irreplaceable task of supplying commodities rapidly and reasonably to consumers.

The declaration I presented yesterday evening outlined the corporation as we intend and wish it to be and also defined its goals. The corporation, as stated, is made for the development of the wealth, political power, and well-being of the Italian people. These three objectives are conditional upon one another.

Political power creates wealth, and wealth in turn invigorates political action.

I would like to call your attention to the third objective: the well-being of the Italian people. It is essential at a certain point for the institutions we have set up to be felt and perceived by the masses themselves as the means by which they may improve their standard of living.

At a given moment the worker, the tiller of the soil, must be able to say to himself and his family, "If I am actually better off today, I owe it to the institutions created by the fascist revolution."

Poverty is inevitable in every national community.

There is a percentage of people who live on the edge of society; but there are special institutions to look after them. That is why we should really focus our efforts on the poverty of strong, capable men, who feverishly seek work in vain.

It should be our wish to make Italian workers, who interest us as Italians, as workers and as fascists, realize that we are setting up institutions not only to provide a forum for our doctrinal views, but so they may yield positive, concrete, practical, and tangible results.

I shall not dwell on the conciliatory functions the corporations may exercise, and I see no drawback to the practice of their advisory role. Concerned parties are already being consulted whenever the government must take measures of any importance.

I would see no harm if consultation were made compulsory for specific issues. Everything that brings citizens into closer contact with the state, everything that draws citizens within the machinery of state, is useful to the social and national aims of fascism.

Our state is not an absolute state, still less an absolutist state removed from men and armed only with the law, the inflexibility of the law.

Our state is an organic, human state, that wants to contribute to the realities of life.

Even today bureaucracy is not, and will be still less in the future, a barrier between the activity of the state and the actual practical needs of the Italian people.

I am quite certain that Italian bureaucracy, which is indeed admirable, will collaborate with the corporations

in the future as it has done in the past, whenever this proves necessary to achieve a fruitful settlement of problems.

The point that has interested this assembly most is the intention to confer legislative powers on the National Council of Corporations.

Somebody, has anticipated the end of the existing Chamber of Deputies. Let us be clear.

The legislature is now drawing to a close, and the present Chamber of Deputies will have to be dissolved.

Secondly, as the few months still before us do not provide enough time to set up the new corporate institution's organs, the next Chamber of Deputies will have to be appointed with the same system as in 1929.

At a certain point in time, however, the Chamber of Deputies will have to decide its own fate. Are there any fascists crying over this possibility?

Let them know that we will not dry their tears.

It is quite conceivable that a National Council of Corporations may replace *in toto* the present Chamber of Deputies. I have never liked the Chamber of Deputies. After all, the Chamber of Deputies is an anachronism in its very name. It is an institution which we found in place but which is alien to our mentality and to our fascist creed.

The Chamber presumes the existence of a world we have demolished. It assumes the plurality of parties and often holds things up. From the day upon which we annulled this plurality, the Chamber of Deputies lost the essential reason for its existence.

Almost without exception fascist deputies have lived up to their ideals, and we must infer that the blood running in their veins will remain healthy if not soiled by an atmosphere where everything smells of the past.

All this will take place in due course, for we are not in a hurry. What is important is to establish the principle, because principles inevitably lead to consequences.

When the Grand Council was set up on January 13, 1923, superficial observers may have viewed the event as the creation of a new institution. No, indeed on that day political liberalism was buried.

With the militia, the armed garrison of the Party and of the revolution, and with the Grand Council, the supreme organ of the revolution, we entered definitely upon the road of revolution by leveling a death-blow to everything that stood for the theory and the practice of liberalism.

Today we bury economic liberalism as well.

The corporation operates in the economic field as the Grand Council and the militia operate in the political field.

Corporativism means a regulated economy and therefore also a controlled economy, for there can be no regulation without control.

Corporativism supersedes socialism and supersedes liberalism by creating a new synthesis.

One fact is indicative, a fact which has perhaps not been adequately considered, namely that the decline of capitalism coincides with the decline of socialism!

All the socialist parties in Europe are shattered.

I am referring not only to Italy and Germany, but to other countries as well.

From a strictly logical standpoint, these two phenomena were not conditional on one another yet, historically, they were concurrent.

This is why. Corporate economics rises at a particular moment in history when the two concomitant phenomena of capitalism and socialism have given all they had to give.

We inherited everything that was still alive in either of them.

We rejected the liberal theory of the economic man, and we rose up every time labor was referred to as a commodity.

Economic man does not exist. Man is complete. He is political, economic, religious, a saint, and a warrior.

Today we are taking another step forward on the road of the revolution.

Comrade Tassinari^h rightly said that for a revolution to be great, in order to leave a deep and lasting mark upon the life of a people and upon history, it must be a social revolution.

If you look deeply into things you will see that the French Revolution was eminently social. It demolished everything that had survived from the Middle Ages, from tolls to the *corvées*.ⁱ It was social because it was responsible for the upheaval of the land distribution system in France, by creating millions of small

property owners who have been and are still, one of the strongest and soundest forces of that country.

Were this not so, anybody could think he had made a revolution. A revolution is a serious matter, not a court conspiracy, nor a change of ministers nor the rise of one party replacing another.

It is laughable to read that in 1876 the advent of the left to power was described as a revolution.^j

Let us ask ourselves one last question. Can corporatism be applied to other countries? We are bound to ask ourselves this because the same question is being asked in every country making an effort to study and to understand.

There is no doubt given the general crisis of capitalism, that the corporate solution will come forth everywhere. If the system is to be carried out fully, completely, integrally, and revolutionarily; three conditions are required.

A single political party so political discipline may coexist with economic discipline and for the bond of a common fate to unite everyone above contrasting interests.

This is not enough. Besides a single political party there must be a totalitarian state, a state that may transform and uplift the people by absorbing their energy, interests, and aspirations.

But even this is not enough. The third and last and most important condition is to live in an atmosphere of strong ideal tension.

We, in Italy, live in such an atmosphere today.

That is why, step by step, we will give force and consistency to all our achievements, why we shall translate all our doctrine into action.

Who can deny that the fascist era is an era of great ideal tension? No one can deny it. This is an age in which arms are crowned by victory, institutions renewed, land redeemed, and new cities founded.

Footnotes

- a. Year X in the fascist calendar marked the 10th anniversary of the 1922 March on Rome.
- b. Antonio Gramsci (1891–1937), founder of the Italian communist party, opined presciently in his *Prison Notebooks*, written between 1929–1935 while imprisoned, that communist revolutions would occur in agricultural societies.
- c. Louis Philippe I (1773–1850), King of France (1830–1848).
- d. The Suez Canal opened in 1869.
- e. Ivar Kreuger (1880–1932) Swedish global match empire entrepreneur. Samuel Insull (1859–1938) American business tycoon.
- f. Mussolini is referring to the Locarno Treaties (1926) which put final terms on the peace treaties ending World War I.
- g. The Four Power Pact (1933) Mussolini's attempt to forge diplomatic understandings between Italy, Germany, Great Britain, and France with regards to League of Nations resolutions. The final signed document differed from Mussolini's original intentions and its legacy is a source of controversy.
- h. Giuseppe Tassinari (1891–1944) Minister of Agriculture (1935–1939).
- i. *Corvée* refers to unreimbursed labor often as a means of paying taxes.
- j. Agostino Depretis (1813–1887) became Italian Prime Minister in 1876.

Chapter Fifteen

On the Bill Establishing the Law on the Corporate State (1934)

A SPEECH TO THE Senate, January 13, 1934, in which Mussolini exalts the corporativist system as an alternative to capitalism and communism in a “fascist century” and offers another historical overview of capitalism from the rise of machinery to the limited liability corporation. He concludes that once companies accept funding from the public in any form, they are no longer private and the state may intervene at any moment when private businesses activities do not coalesce with collective interests.



Honorable Senators!

If the subject were not so inexhaustible, I would have willingly gone without addressing you since the law submitted for your approval has been carefully and deeply studied and was not the fruit of improvisation. Its predecessors can be found in that period which could be defined as the early history of the regime, the first meeting of the *Fasci di Combattimento* held in Milan about fifteen years ago. After the March on Rome the first corporate attempts at the convention of Palazzo Chigi and the pact signed at the Palazzo Vidoni.^a

Next came the Law of April 3, 1926, the by-laws of July 1, 1926 and the Labor Charter of April 21, 1927. The first law on Corporations dates from March 1930.

This law was first examined by the central corporative committee, then discussed at the National Council of Corporations and received the blessing of long and exhaustive debates by the Grand Council; was reviewed by the cabinet and finally submitted to you with a report by the Minister of Corporations. The second report brought to the hill, substantially sound and inspired by loyal faith, was drawn up by your own speaker, comrade Quadrumvir De Vecchi. . . .^b

This law is not merely the result of doctrine. Although one should not disdain doctrine since it enlightens experience while experience tests doctrine. It is not just doctrine but also the result of twelve years of experience: living, practical daily experience, during which

all the problems of national life viewed from the economic point of view were laid before me. These problems were intricate and complex but I had to face them and often find solutions for them.

What are the premises for this law? The fundamental premises are as follows.

There are no economic matters that are exclusively private or individual.

From the day when man became resigned or adapted himself to living in a community of his peers, not a single one of his actions is begun, developed, or concluded by himself, but has repercussions which go beyond his person.

The phenomenon known as capitalism and that special form of economy known as capitalistic economy, must be placed in an historical context.

Capitalistic economics belongs to the 19th and 20th centuries.

Antiquity had no knowledge of it. Signor Salvioli's book on this subject is exhaustive and final.⁶ Nor was it known in the Middle Ages when an artisan system prevailed to a greater or lesser degree. Anyone talking about capitalism means machinery and machinery means factories. Capitalism is therefore tied to the rise of the machine, and developed chiefly when it became possible to transport energy over distance. Reasonable and general division of labor became possible under conditions that differ from those under which we live today.

That form of division of labor caused Stanley Jevons,^d a British economist in the second half of the last century to state, “the plains of North America and Russia are our wheat fields; Chicago and Odessa our granaries; Canada and the Baltic countries our woodlands; Austria breeds our livestock for us; America our oxen; Peru sends us silver; California and Australia their gold; the Chinese grow tea for us and the Indians provide coffee; sugar and spices are unloaded at our ports; France and Spain send us wines and the Mediterranean is our vegetable garden.”

All of this was naturally compensated for in coal, cotton goods, machinery, etc.

One might think that during this first phase of capitalism (which I defined elsewhere as dynamic and even heroic) economic events were of a prevalently individual and private nature. At that time theorists entirely excluded state intervention in economic matters, and only required the state to remain on the sidelines and to guarantee security and public order in the country.

It was also at this stage that the phenomenon of industrial capitalism was managed on a family level, which proved most useful while it lasted. There were great industrial dynasties. Factories were handed down from father to son as was a sense of pride and honor.

Although Fried's book, *The End of Capitalism* was limited to a survey of Germany, he found that between the 1870s and 1890s great industrial dynasties were already in decline, split up, dispersed, and losing efficiency.^e

This was the period in which limited liability companies appeared.

One must not believe that limited liability companies are a diabolical invention or a product of human wickedness. Indeed God and the devil should not be drawn so often into our affairs. Limited liability companies originated when, due to increasing scales, capitalism could no longer count on the wealth of families or small groups and issued shares and bonds having to appeal to anonymous, undifferentiated, diluted sources of capital.

That was the time when the private names of firms were replaced by strings of initials.

Only those who are actually initiated to the mysteries of this sort of financial rite can read beyond the veil of such strange verses. . . .

Nevertheless, at this point, despite its prestige and power, industry failed to sell shares on the market and was forced to resort to the banks.

When an enterprise appeals for funds from everyone, it ceases to be private and it becomes public, or, if you like, social.

This phenomenon, well underway before the World War, brought a great transformation to the capitalistic system that was accelerating before, during, and after the war as you can certify by reading Francesco Vito's book *Industrial Syndicates and Cartels*.^f

State intervention is no longer spurned, but is now solicited. But should the state intervene? No doubt it should, but how?

In recent times state intervention has occurred in various and sometimes contrasting forms. There is non-systemic intervention on a case-by-case, empirical basis. This has been done in every country, even those that until recently flew the flag of classical economic liberalism. Then there is communist intervention, for which I have absolutely no sympathy, not even regarding size. Personally, I reject the idea that communism in Germany would have yielded different results from those seen in Russia. In any case it is clear that the German people would have none of it.

Communism, as it appears in some of its exasperated Americanized aspects (for extremes meet) is nothing more than a form of state socialism, meaning the bureaucratization of the economy. I do not believe that any of you wish to bureaucratize, that is to freeze, the reality of economic life in the nation. For it is a complicated, ever changing reality tied to what happens in the world, and above all, of such a nature that errors may entail consequences impossible to predict.

The American experiment should be followed with great attention. Even in America, state intervention in economic matters is direct and sometimes peremptory. The codes enforced are nothing but collective contracts which the United States president compels one side and the other to endure.

One should wait a while before passing judgment upon this experiment. Nevertheless, I would like to share my own opinion on the matter. Monetary

maneuvers cannot lead to a lasting and effective rise in prices.

If we want to delude mankind, we could resort to what was once known as coin-clipping. But the opinions of those who do not follow reason in social and economic matters could not be clearer. Inflation is the road leading to catastrophe.

Can anyone really believe that people's wealth may be increased by multiplying the figures on currency? Some have already cited the following example: it would be as if reproducing the photograph of one individual a million times would increase the population by a million men.

Have there not been enough experiments? From the *assignats* in France to the German mark after the war?⁸

The fourth experiment is the fascist one. If the classical liberal economy is an economy of individuals in a condition of more or less absolute freedom, then the fascist corporate economy is the economy of individuals of associated groups and the state.

What are the characteristics of corporate economy? Corporate economy respects the principle of private property. Private property completes the human personality as a right and therefore an obligation. So much so in fact that we think it should be viewed as a social function. Not inactive property that just enjoys the fruits of wealth, but the reverse; property that develops, increases and multiplies these fruits.

Corporate economy also respects private initiative. It is clearly stated in the Labor Charter that the state shall intervene only when individual economy is deficient, nonexistent or insufficient. An obvious example is offered by the fact that only the state, with the powerful means at its disposal, can reclaim the Pontine Marshes.^h A corporate economy introduces order into economics.

If there is a phenomenon that calls for order and should be directed towards a definite purpose, it is precisely in economic matters that concern the entire population.

It is not only the economy of industry that should be regulated, but also agriculture (in good times some farmers get off track), commerce, banking, and the arts and crafts.

How should these orders be enacted? Through the self-discipline of the various categories concerned.

It is only when various categories fail to come to an agreement, or to establish the proper balance, that the state may intervene. Although the state always has undisputed power to do so, because it also represents the other aspect of the phenomenon, which is consumption. The nameless masses that form the bulk of consumers are not represented by appropriate organizations and must be protected by the entity that represents their collective interests.

At this point someone might ask, "What if the crisis were to end?" My reply is, "All the more so!" Let us

have no illusions about a rapid end to the crisis. The wait is going to be long.

If perchance a general economic revival should occur tomorrow and we were to revert to the economic conditions prevailing in 1914, described above, then discipline would be more necessary than ever. Men, who are easily inclined to forget, would probably commit the same blunders and repeat the same follies.

This law on corporations has now entered the minds of the Italian people, as they have tangibly proven to us these days. The admirable, laborious, untiring, and thrifty Italian population passed this law with eight billion votes, each worth one lira and has shown that in concurrence with your debates, that the law is not a menace but a guarantee, not a peril but supreme salvation.

Now to carry it out. Once the law is approved we shall form the corporations. The Grand Council examined the text of the law during its recent discussion, and has defined the character and composition of the corporations. Once the corporations are formed, we shall follow their activity which must be quick and unencumbered by bureaucracy.

In the operation of this institution cost must also be taken into account. Judgment passed on an institution is also related to expenditure. There should be no fears about an increase in bureaucracy. One must, however, realize that no human organization can be planned without some bureaucracy.

When we will have observed, followed and checked the practical and effective operation of the corporations, we will reach the third phase of constitutional reform. In that third phase we shall decide the fate of the Chamber of Deputies.

As you will have gathered from what I have already told you and from this brief statement, we are proceeding with great calm. We are in no way trying to make haste. We are quite sure of ourselves because, as regards the fascist revolution, we have the entire century ahead of us.

Footnotes

- a. The Vidoni Pact (October 2, 1925) between the Italian employers' federation, the *Confindustria*, and the Italian National Fascist Party, replaced all previously existing trade unions with corporate unions controlled by the fascist regime.
- b. Cesare Maria De Vecchi (1884–1959), Italian general and politician.
- c. Giuseppe Salvioli, *Le capitalisme dans le monde antique* (*Capitalism in the ancient world*) 1906.
- d. William Stanley Jevons (1835–1882), British economist.
- e. *Ferdinand Fried* pseudonym of Ferdinand Friedrich Zimmermann (1898–1967) author of *End of Capitalism* (1931).
- f. Francesco Vito (1902–1968) author of *Industrial Syndicates and Cartels*, 1930.
- g. *Assignats* were paper currency issued during the French Revolution from 1789 to 1796, one of the first cases of hyperinflation in contemporary history. The German hyperinflation occurred during the Weimar Republic (1921–1924).
- h. The Pontine Marshes were a region of marshland in southern Lazio that was the object of land reclamation, drainage public works projects during the fascist period.

Chapter Sixteen

The Economic Situation (1934)

A SPEECH TO THE House of Deputies on May 26, 1934, which updates previous speeches about the efforts of the regime in the world economic crisis with details about governmental financing, deflationary pressures, the history of deficit spending since Italian unification, currency policy, and the wage austerity policies enacted by the regime. Mussolini states that for a government to influence a nation's trade imbalance in the short run, it must impose either price compression or currency devaluation, which he rejects due to his favoring of the gold standard. Mussolini lists other country's gold reserves, budget deficits, and wage levels, and describes various public works projects underway. He explains the current crisis as a result of the systemic imbalances caused by funding for World War I in which banks became insolvent once the equities they

held as collateral lost value. The activities of the regime would include banking reforms in 1926 establishing the Banca d'Italia as Italy's central bank and a 1936 banking reform that separated Italian banks from savings and loans and long-term financial institutions for investment and industrial development under the supervision of the state-controlled agencies, the IMI, and the IRI. Mussolini concludes that the fascist government must intervene in the national interest to recalibrate both banking and industry through state intervention.



Comrades!
With today's speech I intend to discuss the country's economic and financial situation.

In May 1926 I brought up the issue in this chamber, with regards to internal politics. On June 5, 1928, I did the same regarding foreign affairs in a speech to the Senate.

Today I propose to lay out for you the economic and financial panorama of the nation in every aspect, with detailed and analyzed data, telling everything, not just as a gesture on the altar of the truth which for some of us can become a frenzy for the truth. Due to the commanding moral standard of our conscience, we fascists say many things that perhaps we should keep to ourselves.

There have been some related events: the issue of nine-year bonds in January, the conversion of consolidated debt in February, the effort to attenuate expenses,

prices, salaries and rents in April. The usefulness of this speech also consists in the fact that for a certain period of time one can remain silent, for silence is the peristyle of the temple of wisdom.

As you will recall, nine-year bonds were issued in 1923 for four billion, in 1924 for one billion, in 1925 for 3 billion. Total 8 billion.

In 1931 there was a 5 billion emission of nine-year bonds. . . .

Third event: salary reductions. Somebody said that this happened after the plebiscite, as on the previous occasion.^a

As for the previous occasion, this is incorrect because the 1929 plebiscite was in March and the reduction of salaries was in December 1930. This idea of before and after does not make sense.

One must understand the distance separating the two events. Comrade Jung is witness to the fact that I would very much have liked to announce this measure on the eve of the plebiscite. If this did not occur, it was for reasons of a material, technical, administrative nature that would be pointless for me to discuss.

But before speaking about this, let us talk about prices. Have prices decreased? Yes, they have decreased.

Here as well we must observe the phenomenon over time. If one looks in the mirror in the morning and looks again in the evening he will find that his face has not changed. If one does the same after ten years he will find himself in need of some care!

Thus, if we take the two periods of 1926 and 1934 we find a decrease in bulk and retail prices as I will demonstrate.

Some may ask if these indices are reliable? Yes, they are reliable. If you believe that they are reliable when they show an increase, they should be unreliable when they show a decrease.

Who makes up these indices? They are from extraordinarily objective experts who would probably be tempted to inflate the numbers if they were to heed the voice of their personal interests.

Our indices are from the provincial economic corporative Council in Milan, from the accountant Bachi, from the Central Statistical Institute, an extremely serious institute whose directors, experts, and collaborators enjoy worldwide prestige.

Let us take a look at these indices.

If the pre-war period set at 100 foodstuffs were at 712 in August 1926, falling to 409 in 1930, and 293 in February 1934.

Industrial materials were 682, 366, 268, 266. The general index has gone from 691 to 275.

Retail prices of main consumer items has gone from 647 in August 1926 to 387 in March 1934. I will spare you the other details, since these indices confirm general indices for vegetable and animal commodities, textile products, textile materials, chemicals, construction materials, industrial materials etc.

Let us take a look at retail prices in the cities of Turin, Genoa, La Spezia, Milan, Padua, Venice, Trieste, Florence, Rome, and Naples.

Prices are compared between the first quarter of 1926 and the first quarter of 1934.

In Turin bread went from 2.67 to 1.16; meat from 11.92 to 7.60; cheese from 17.88 to 11.21; milk from 1.50 to .90; pasta from 3.49 to 2.50; rice from 3.28 to 1.95; oil from 10.88 to 5.63.

. . . Let us go to Genoa (it has been months and months that I have been working on this). Bread went from 2.50 lire to 1.59; meat from 17 lire to 9.75; cheese from 23 lire and change to 13; milk from 1.59 to 1.00; pasta from 3.40 to 2.55; rice from 2.75 to 1.48; eggs from 8.88 lire to 6.72; oil from 10.55 lire to 5.49.

So oil also decreased between 1926 and 1934! Butter from 22.95 lire to 13.54; lard from 14.88 lire to 8; sugar from 7.35 lire to 6.42.

Let us go to Milan. Bread from 2.65 lire to 1.62; meat from 15.75 lire to 7.11; cheese from 18 to 7; milk from 1.50 lire to 1.20; pasta from 3.93 lire to 3.52; rice from 2.68 lire to 1.39; eggs from 10.08 lire to 5.76; oil from 11.48 lire to 6.12; butter from 17 lire to 10; lard from 11 lire to 7; sugar from 6.83 lire to 6.30.

Let us take a look at Trieste. Bread went from 2.60 to 1.30; beef from 8.94 to 5; cheese from 22.62 to 15; milk from 1.80 to .93; pasta from 3.72 to 3.18; rice from

2.84 to 1.86; eggs from 8.04 to 4.44; oil from 10.80 to 4.50; butter from 22.63 to 11.49; lard from 11.95 to 7.48; sugar from 6.93 to 6.20.

Let us turn to Rome. Bread went from 2.48 lire to 1.50; but in Rome one can also buy bread for 1.30 lire. I bought it myself!

I saw bread for 1.30 lire in the newspapers. (I am a keen reader of newspapers.) I said to the least known and the most naïve of my squires, "Today at noon I want a kilo of bread for 1.30 lire and also bring me a kilo of meat for broth that costs 4 lire." At noon on my table was the bread, which I found to be excellent, and the meat that could make a broth that I would not call sublime, but adequate.

Naturally, if you want to eat breadsticks, we get up to 1.65. If you want to eat veal fillet, the price paid will be 11, 12 and even 13 lire.

Naples. Bread went from 2.38 lire to 1.43, the usual average; meat from 10.75 to 6.70; cheese from 14.29 to 9.29; milk from 2.10 to 1.50; pasta from 3.24 lire to 2; rice from 3.10 lire to 1.31; eggs from 9 lire to 4.80; oil from 11 lire to 4.58; lard from 13.50 lire to 9; sugar from 7.38 lire to 6.28.

I must tell you that these figures precede the measure taken on April 14 after which there has been a further reduction in the cost of living. The decline in prices is a universal phenomenon, not invented by fascism.

There are objective causes for this phenomenon. Much has been produced. There was inflation. Over

production was not matched by consumption. This is because production can be nearly without limit while consumption is limited. So because of the existence of the law of supply and demand, there has been an evident decrease in prices. During a phase of decreasing prices the following law applies: anyone with a fixed salary or income is in a privileged position.

Let us now come to the measures of April 14 concerning state employees.

First of all how many are there? I will tell you right away: 638,000, an imposing figure.

Let us take a look at France. France has 646,000 civil servants and 190,000 in the military. This second figure deserves attention for other reasons you may surmise.

But the figures say nothing without interpretation. What Pythagoras said may be true, actually it is quite true, that numbers are universal, but a number is also a written cipher, to be interpreted and dissected. Now on October 1, 1933 the situation of state employees was as follows.

Civil, military and chancery magistrates, 9233; teachers tenured at upper level schools and universities, 12,939; untenured 9,145. Elementary teachers—tenured 89,735; untenured 4,358.

Civil servants. Let us pause for a moment. Tenured 52,718; untenured 9,799. Let us therefore put a check next to this figure that is a real indication of the Italian state bureaucracy—the civil employees in cities and the

periphery who amount to a total of 52,000 of which only 20,000 work in cities.

Officers on permanent active duty are 25,048, supplementary and recalled to duty 3,636; petty officers 52,095; soldiers 75,241.

Another pause. Some have opined that it would be convenient to reduce even further the number of royal carabinieri. Slow down! It is true that before the war there were 30,000 royal carabinieri but Italy had 35,840,000 inhabitants. Today we number 42,838,000. The Carabinieri after the war numbered 60,000. We have reduced them to 45,000. I believe that this should be a set level for the regime, meaning that the number should remain at 45,000 and not be increased despite future increases in the Italian population.

Workers in the military administration are 31,295 and in the other sectors 5,028. It is not over, let us go forward. The administration of the state monopolies has 2,293 permanent employees and 22,274 workers. The autonomous highway agency has 245 members in civil roles and 478 in the highway patrol.

Another pause. The highway patrol is composed of 478 members.

Postal and telegraph office. Permanent employees are 25,000, the postal and telephone militia 35,000, then there are 1,613 contract workers, 1,206 nonpermanent.

Postal receptionists, the rural agents and carriers, those who bring letters to the villages number 28,582.

The state telephone service agency has very few employees because about 10 years ago we gave the urban phone lines to private companies. There are 639 on contract and 437 temporary.

Let us come to the state railways. In the civil sector there are 130,000. Recall that at the time of the revolution there were 240,000. The militia is comprised of 4,000 members, not 40,000. Then there are temporary personnel: 2,504 civil and 1,261 militia.

Let us go forward. The personnel from the former Austro-Hungarian Empire; 1,607 permanent employees; 693 temporary workers. There are 58 civil servants in the administration of the state monopolies; 1,101 in postal and telegraph offices; 4 in the forest homestead agency.

Personnel in the colonies. Secondary and permanent personnel 675; military 3,973; personnel hired by the colonial government 4,067; 2,605 workers; 6,852 indigenous military personnel. Then there is the judiciary, teachers, civil servants, and others who amount to 5,086.

To reassume, positions as of October 1, 1933 were 633,220. As I said before adding 4,896 officers categorized as deactivated, it comes to 638,000.

Let's look at expenses, personnel in the state administrative service including autonomous agencies, 7 billion, deactivated officers 59 million, retired personnel 1,586,000,000. Entities maintained in conjunction with the state 79 million for a total of 8,752,013,944.

Let us examine the extent of the operation. But before proceeding let us summarize salaries from 1922 to 1934.

When we took power in 1922 the bureaucracy was a bit disorganized and very demoralized. Comrade De Stefani's measure of November 11, 1923, number 2,395 put in place the basis for the reorganization of the Italian bureaucracy. This fundamental law correctly divided personnel into three categories according to whether or not they had a university degree, high school diploma or lower school qualifications. There are always attempts to get by or to force one's way into the system. But these attempts will not succeed because I am the resolute defender of this law. Even in the fascist regime laws are too often and willfully altered.

I am the resolute enemy of such alterations! What is an alteration? Take Apollo: alter his nose by a centimeter and then tell me he is still the god of beauty.

That is the way it is with laws. Once they are altered they become almost unrecognizable and lead to potentially painful consequences.

This does not mean that laws must be unchangeable; otherwise they would turn into dogmas. It means that laws are sacred and solemn because they involve the entire population. If laws are to be respected, it must be clear that they cannot be changed every time the wind blows.

Now the first reorganization of the bureaucracy led to an increase in salary of 250 million. Then in 1925 came inflation with sterling at 157. As you will recall salaries needed to be increased again.

I remember very well the meeting of the Council of Ministers at my private residence, due to a touch of ulcer that gave much hope to all the antifascists. This measure also brought an increase of 650 million.

Then, following the period after the Pesaro speech, which we will call pre-stabilization, there was a first reduction amounting to 380 million.

But in 1929 there was another increase of 670 million, in 1930 a reduction of 12%, and on April 14 the reduction that I will mention later.

If you add up the increases, or better yet, adjustments, the relationship between increases and decreases, you will find that in these twelve years salary levels have remained constant.

Now we cannot believe that it is pleasant for any government, even a fascist government, to cut salaries. These operations are necessary and when that is the case it is not a question of whether it is enjoyable or not.

But by taking this decision, we have proceeded calmly and humanely. The figures that follow will give an understanding of the scope of the measure.

Having exempted cuts to personnel with a salary of 500 or less lire means exempting 250,000 for a total of 300 million. The reduction of 6% for salaries from 500 lire to 1,000 cut from a total of 2,568,000 and affected 295,000 individuals. For salaries from 1,000 to 1,500 lire there was an 8% reduction for 60,000 individuals, from 1,000 lire to 2,000; for 16,000 individuals.

Those who were hit with reductions higher than 12% were exactly 7,000.

We did not touch pensions. War pensions are not to be touched. They are a sacred debt owed by the nation.

Do you know how many regular civilian pensions there are? 107,645. There are 49,460 military pensions for a total of 157,000 for 898 million lire.

Then there are special pensions; 21,000 for 8 million lire. Then there are war pensions: 780,000 for 1,110,946,016 lire. Besides the handicapped there are invalids, families, widows, orphans, etc.

Railway pensions are 98,000 for 545,000 million lire. Elementary school teacher pensions are 20,000 for 146,000 lire.

You may observe that by entering into this subject allows an understanding for what government finances mean and the level of importance they truly have.

I have not exhausted the subject. Let us now compare salaries between 1914 and 1934. . . .^b

The figures concerning state ministers and under-secretaries merit some consideration, especially when compared with those from abroad. Salary reductions have not only been adopted in Italy, but every single country has taken such measures.

On September 30, 1931 ten days after the devaluation of the pound, England reduced salaries from 10 to 20% and there was also the real reduction due to the 30% devaluation of sterling.

In Germany salaries were reduced between 12 to 23%. In the United States 15% plus the devaluation of the dollar. In France 5%, but France did not exclude civilian, military, or war pensions. In Belgium 10%, with another measure in the works. In Poland 15%. I will not discuss smaller countries.

Let us come now to the goals of these reductions.

They are twofold: the state budget and the balance of trade.

We must absolutely balance the budget, because neither a family nor a state can live by perpetually incurring debt.

At a certain point the water comes up to one's neck and avoiding requisite, prompt steps leads to draconian measures.

We cannot indebt ourselves because all of the money that goes to the state is subtracted at a defined rate from the economy of the nation. To follow the history of the budgetary surpluses and deficits is to follow the history of the nation.

This is all very interesting. As you will recall the Kingdom of Italy was proclaimed in Turin in March 1861. The new regime debuted with a deficit of 446 million. Naturally it is necessary to consider the entire national structure. The deficit continued in fiscal years 1863–1864 and 1865, rising to 721 million in 1866.

In 1866 there was the Italo–Prussian war against Austria. We must reach the year 1875 to find a modest surplus of 14 million.

The series of fiscal years that ended in surplus continued to 1883.

Then in 1885–1886 deficits reappeared, continuing into 1896–1897.

Then surpluses reappeared in the budget years from 1889–1899 to 1910–1911. The last surplus was for the modest sum of 11 million.

After that began huge deficits. 2 billion 835 million in 1914–1915; 6 billion in 1915–1916; 12 billion in 1916–1917; 17 billion in 1917–1918; 22 billion in 1918–1919; 7 billion 886 in 1919–1920; 17 billion in 1920–1921; 15 billion in 1921–1922; 3 billion in 1922–1923.

We were starting to get things to work. The 1923–1924 deficit was reduced to 418 million.

Now come a new series of surpluses: 147 million in 1924–1925; 468 million the following fiscal year; 436 in 1926–1927; 497 million in 1927–1928; 555 million in 1928–1929; 170 million in 1929–1930.

Let us stop for a moment. This demonstrates, in contrast to some murmuring, that the level of stabilization did not play a part in healing the deficit, because in 1927, 1928, 1929, and 1930 there were budget surpluses.

The deficit starts with the explosion of the international crisis. Let us look at figures since then. In 1930–1931 the deficit was 504 million. In 1931–1932, 3 billion 867 million; in 1932–1933, 3 billion 549 million. Today (as of 10 months) it is 3 billion 531 million.

One can deduce that the deficit for the fiscal year under way will be about 4 billion.^c This means that we

must incur 4 billion in debt, which means future budgets must allow for allotment for interest payments for the 4 billion in debt that we have incurred.

This confirms what I just said. A well-ordered state cannot live indefinitely on debt. How has the cyclical nature of these budgets been overcome? With debt! From 1914 to today we have a debt of 77 billion.

We will soon take a look at the history of these debts. The deficit of 2 billion and 900 million for the fiscal year 1934–1935 has been carefully estimated.

Now in order to reduce this deficit, the following factors will come into play; 900 million savings on interest payments; 410 millions for these salary reductions.

We are not there yet. Increase revenues. How, by imposing new taxes and levies? That is not possible. I am the first to proclaim that the tax burden has reached an extreme limit and that the Italian taxpayer absolutely has to be left alone for a bit. If possible, it must be lightened so that we do not find them dead and buried under this heavy load.

We must save, as we have done. We divided all of the items in the budget into two grand categories; discretionary and non-discretionary expenses.

Discretionary expenses come to 5 billion 900 million. I think a few hundred million could also be eked out of this section. I will spare you the reading of these expenses, although if you want I could read them to you immediately. . . .

Seeing that you have no such desire. . . .

The second key point: the balance of trade. Our balance of trade is going poorly. We could discuss whether it is going badly due to prices or not going so badly due to quality. These are topics for another occasion.

However, they explain the phenomenon and do not attenuate it. The phenomenon is clear from the following figures. In 1928 goods were imported into Italy for 22 billion 313 million. They fell to 21 billion in 1929; 17 billion in 1930; 11 billion in 1931; 8 billion in 1932; 7 billion 412 million in 1933.

Lets us look at exports. In 1928 Italy exported merchandise for a value of 14 billion 998 million. In 1929 this figure increased reaching 15 billion 935 million; then decreased to 12 billion and 119 million; to 10 billion and 209 million in 1931; to 6 billion 811 million in 1932; 5 billion 979 million in 1933.

From these figures you can feel, almost touch, the progressive anemia in international trade.

The situation did not improve this year, although it is true that we have a trade deficit of 965,830,660 lire for the first four months. If we continue on this path by the end of the year we will have a 3 billion lire trade imbalance.

What is to be done to face this situation? What are its causes? It came about for two reasons which we will examine shortly.

In my opinion it is happening due to the enormous, excessive obstacles to trade.

A very interesting report by the National Export Institute, directed in this moment with great competence by comrade Lantini,^d gives a concise picture of all of the obstacles on commerce and on our exports such as customs barriers, export restrictions, bans, contingencies, licensing adopted in a decreasing fashion by the following countries: France, Switzerland, Holland, Turkey, Poland, Germany, Estonia, and Lithuania. Some countries have state monopolies on the trade in certain products such as Germany which has a monopoly on corn, cheese products, fats, eggs, textile fibers, and skins.

There has been a stiffening of tariffs in almost all countries including England (which had given the most vigorous support to the Manchester doctrines), France, the United States, Brazil, India, Poland, Norway, and Sweden.

Then there is preferential treatment: the Ottawa accords, agreements between England and the Baltic countries, agreements with Argentina, and health restrictions. There are origination certifications in the United States, England, France, Germany, Norway, and Denmark.

Then there are the difficulties associated with foreign currency exchange with Austria, Hungary, Germany, Czechoslovakia, almost all the countries of South America, and some of the Baltic nations: Latvia, Estonia, Denmark.

There are clearing agreements; monetary difficulties such as the devaluation of the pound, dollar, peseta,

yen; various protocols such as export incentives, openly agreed upon by many; various provisions such as the drawback and scrib system^e introduced by Germany; propaganda for domestic products and barriers against consumption of foreign products in Germany, Great Britain, the South African Union. Finally there is competition from Japan.

The second obstacle to our exports is the discrepancy between domestic prices and prices worldwide. Our products cost more.

If we do not adjust domestic prices and production costs to costs worldwide, then we cannot hope for a recovery in trade.

The alternative, comrades: is something that we have already decided and which I must explain.

This necessary adjustment can only come about in two ways: either through domestic price and cost compression or currency devaluation. We have already rejected the second choice because we think that all countries should return to gold, and because funny money cannot last perpetually. Therefore we must concentrate our attention on the other alternative.

Some will say, "Look at England." Very well, let us take a look at England. However, it must be remembered that in 1925 England wanted to bring sterling to pre-war parity. A minister of the period said that he wanted to be able to look the dollar in the eye with pride.

The devaluation of 1931 occurred because the English treasury found itself in a credit and debt situation

that it frantically resisted until the very end by seeking loans. The sterling was clipped by 30% in 1931.

A comparison must be made with the clipping of the Italian currency, worth one hundred centimes gold before the war, and which we stabilized at about 27; meaning that we made it lose about three quarters of its value.

It is true that the situation in England has improved relatively although there are still 2,220,000 unemployed. There was rehiring of workers (from 500,000 to 700,000) and sterling, which is practically re-linked to gold, regained part of the prestige it lost on that fateful day September 21, 1931.^f

It was a great day. The English temple had three columns: the dynasty, the fleet, and sterling.

Then one of these columns crumbles. What would have happened in any other country? All the people would have run on the banks as happens when a currency is hot in your hands, to use monetary lingo. The people would have rushed to buy houses, tangible goods to retain some wealth, as occurs when a currency loses value minute by minute.

This did not happen in London. The Englishmen were a bit stunned at first, like anyone after taking a beating. Then came a demonstration of those wonderful steady nerves, an admirable characteristic. There was no run on the shops or on the banks. Englishmen revealed those rare qualities of their character, the product of age old education.

It will be the duty of fascism to furnish the minds of Italians less sumptuously in order to better prepare their character.

Next to this show of discipline, worthy of a great people, an imperial people, there were other reasons. Namely, England put up restrictive customs duties so that their entire domestic market is reserved for English merchandise. Worker salaries were reduced, directly or indirectly, from 40 to 50%. The Ottawa accords established an imperial economic trade zone.⁸ Then finally, at a certain rate, they even took advantage of devaluation by *dumping*, dumping the devaluation.

Attention, because there is no form of dumping that does not lead to another and nothing is more interesting to those concerned with topics of political economy and finance than to see a *dumping* struggle between the dollar and sterling. Then there was intervention by a third party, Japan, which practices *super-dumping*.

It is not possible to determine when the finish line was reached or if the currencies are on the run or have yet to take flight. This has been stated by those who believe in exiting these difficulties by applying what is elegantly called the delinking of currency from gold.

On the other side there is contrasting evidence. Belgium has stabilized at 107. It took 107 francs to buy one pound sterling. Then they realized that they had set it a bit too high, but above all that they had not consolidated their fluctuating debt. Because everyone

with bills to be consolidated, but which had not been consolidated, rushed to cash them in. This created an untenable situation so they had to go up to 175 francs which did not improve the situation at all.

In Poland there was a delinking then a linking and then another delinking.

Same problem. Health does not improve by taking such measures. History as a teacher (although men are very poor students!), attests to the fact that all of these measures only provide momentary relief. But once the pain is gone, it comes back worse than before.

But now I come to a delicate subject. When goods are not exported how do we pay for the goods we must import?

Because we do have to import some goods. Let's not have any illusions about autarky. All modern nations, thanks to the tremendous advances in the sciences, may attempt a certain level of autarky. But, until there is proof to the contrary, we will have to import liquid fuel.

We are now searching throughout our territory to see if there is any petroleum. If there is any, we will find it. If there is none, we will not trouble ourselves about it longer. We will have made every attempt to see whether or not nature has endowed us with this wealth.

Coal, a combustible solid, wool, cotton, and iron: these are the five items that weigh on the import ledger. We can reduce them, but not by much.

Now the budget, the trade budget is either covered by goods or by services or by gold. Nobody has found another formula for payment, at least today.^h

Let us not over dramatize the exodus of gold. Gold is a rare good, precious and useful to pay for other goods. The data from all of the emitting banks (I will read them soon) demonstrate that gold also has entry and exit levels.

In terms of reserves from January to today (in gold coins and bullion), France has gone from 77 billion to 66 billion 608 million; Germany from 376 billion to 161; Switzerland from January to today from 1,983 to 1,634 million Swiss francs; Italy from 7 billion 733 million to 6 billion 786 million, as reported in the latest 10-year bulletin of the Bank of Italy here in front of me. Holland from 919 to 802 million; Belgium from 2 billion 745 million to 2 billion 704 million. Poland registers a small increase: from 477 to 482 million.

When considering this subject it is important to understand another aspect of the problem: the relationship between circulation and reserves.

The circulation of paper money in Italy today is 12 billion 600 million, to which must be added 2 billion in coin change, extremely useful for shopping. The relationship between gold and paper money in circulation is at 53.6%. One could claim therefore that the gold reserves of the lira, even though they have suffered a serious decrease, for the reasons that I listed, is still superior by 13% to the 40% minimum level considered sufficient to guarantee a currency.ⁱ

We have had a hemorrhage of about 700 million in gold. In this hemorrhage the objective causes are responsible for two thirds. The other third, however, is due to certain gentlemen, all the more miserable because they are gentlemen, who in this period have trafficked in the banknotes that we must reacquire on foreign markets. Today measures will be taken against them.

Two decrees in preparation (to be published in today's *Gazzetta Ufficiale* and enacted immediately) will establish that no currency exchange operation can be transacted if it does not correspond to real needs in industry and trade or the direct needs of someone travelling abroad. The export of banknotes or checks is prohibited as is the acquisition on foreign markets of foreign and Italian bonds issued abroad. According to the prohibition cited above, all Italian bonds issued abroad that are in the Kingdom without the stamp dated from today on, must be registered. In order to encourage the registration of such bonds there will be a one-tenth reduction of the current registration tax.

Now I will touch upon a subject that is always current—the reduction of domestic costs, and the important and delicate subject of worker salaries.

Let us take a look at how the phenomenon of real hourly wages has developed in other countries. Let me inform you that all of the figures were taken from the *Revue Internationale du Travail*, an agency of the League of Nations, which has no interest to provide

statistics favorable to the fascist regime and are reliable for that very reason.

If pre-war figures are one hundred for the base year of 1914: in Denmark the hourly salary is 169, in the United States 174, in Czechoslovakia 148, in Sweden 183, in France 160. These are hourly wages.

Let us now look at real weekly salaries. If 1914 pre-war level is 100: in South Africa the salary is 107, in Australia 117, in New Zealand 108, in England 120, in Czechoslovakia 131. Real daily salaries in some countries compared to pre-war levels, base year of 1914 at 128: Switzerland 156, Sweden 152, Germany 107, France 130.

Let us now take a look at Italy. The average daily salary according to the wage study conducted by National Fascist Institute against Workplace Injury in 1914 was 3.54, -.35 per hour. In 1933 it is 15.25, the hourly wage went from .35 to 1.90. These are the figures from the National Fascist Institute against Workplace Injury. Let us take the data for a private citizen, Mortara, who shows that the hourly wage in 1914 was 0.34 and confirms that the hourly wage in 1933 is 1.90.

Now if everyone in Italy were working, there would not be much to comment about this salary, because evidently, high salaries afford the masses the capacity to consume and give a determined amount of work to industry. But when there is unemployment, which is becoming a more serious problem, it is not necessary to place a check mark next to "salary amount" entry. It

is necessary to emphasize the words, “existence,” and above all “continuity” of salary.

This is what I say, more than anything else, to comrades in contact with workers, who must speak to them in fascist terms, which is definitely antidemagogic.

One can understand that it is easy to appear before a crowd of workers and say, “Your salaries will be increased.” It would be met with great applause. But on the other hand, it is a fascist duty to state, “Make this sacrifice, because it will support the battle on international markets, it will make our exports flourish, it will give work continuously to you and to those who lack it.”

Moreover workers are ready for this sort of idea, because nobody is better positioned to see how an industry is going. A worker is not a philosopher sitting in a so-called ivory tower. A worker can see right away if warehouses are full, that is, if inventory is increasing and nothing is selling.

So if he sees that manufactured goods are not selling, he will eventually conclude that the consequence will be a lack of work.

The problem that we must face and resolve is the following: how to give the greatest quantity of work possible to ensure continuity for the greatest number possible of Italian workers.

To undertake the austerity measures in the budget, you will have noticed that after the great allocation for public works made in 1932 of 1,300 million (which was more than an issue of nine-year treasury bonds)

in 1933–1934 there was no program for public works besides allocations for the landslides, floods, and other calamities and extraordinary events of that nature.

Not even for 1934–1935 will there be any allocation of extraordinary funds.

With this you must not think that there will not be any work. There will be, because the arrears must be covered. In the meantime we will continue great public works projects which are: the aqueduct in Puglia (187 million were allocated the other day); heavy traffic highway in Genoa; state routes (of which there will be another 1,600 kilometers); the Pontine Marshes (a great resource for unemployed Italians). There are 30 thousand presently at work. Perhaps we need to introduce a turnover system, since this does not happen in other fields.

Then there is the work on the Istrian aqueduct; urban planning for Trieste; the Lower Tagliamento land reclamation; the new Venice train station; Milan has urban planning underway; Turin will complete the via Rome; Genoa has a rather extensive works program; Florence has a new train station; Bologna has important projects in urban planning; a new sea port in Naples, the dry dock and works of the Carità district. Rome has a number of projects under the regular government budget such as the blocking off of the monument to Augustus and the House of the Lictors.

As for industry, I remind you that we have allocated 1,200 millions to electrify the national railways. But

industry will have other works of a military nature, a consequence of disarmament.

I can tell you that we will use the 70,000 ship tons allowed at the Washington Convention for the construction of commercial vessels.^j

This will have come to a huge amount. Today it costs around a billion and will be amortized in six years from 1934 to 1940. You must understand that it takes no less than four years for an ocean liner to be ready. An ocean liner of the tonnage that we will make and that has already been allocated, naturally.^k

During the same period of time we will rebuild our air force for an amount that comes to about a billion. We have an efficient air force, but airplanes age rapidly. A six-year old airplane is already nearly decrepit. I believe that our metal workers, mechanics, steel workers, carpenters, and electricians will welcome these orders. When there is guaranteed work for a certain period of time, there is serenity, not just bread but moral serenity for millions and millions of Italian families.

Some say, why hasn't the state reduced the costs of its services? But it already has done so! Why did a postcard cost 10 lire before the war and 30 lire now? Why in order to post a letter did it cost 15 cents and now it costs 50? There was some confusion about packages. Comrade Puppini has taken it upon himself to act.

As for passengers we are below pre-war levels. Because between the springs when they were monopolized (and

perhaps this is why we have to wait for a spring effect!) and days in the other seasons when passenger trains are used for tourism and travel by foreigners, one could conclude that travel is free in Italy!

I do not deny that there is still something that can be done for the transportation of goods, but here we cannot make much progress. Do you know why? Because Italy, shaped like a boot, has a bizarre and unique form. Napoleon did not approve and called it a strategic mistake. It would have been better according to him had it been a bit wider and not as long. But it is not up to us to change the outcomes of the great universal upheavals which occurred hundreds of millions of years ago.

Then they ask: why not reduce taxes and duties?

There is no doubt that the tax burden, especially in agriculture, is considerable. Because in order to pay the same taxes today as yesterday, it is necessary to sell twice as much product. However, for as much as it concerns the state, we have not gone too far. (I will also get to communes and the provinces: everything!)

Property tax revenues of 84 million in 1913 have risen to 150 in 1933–34, less than double. The provincial land surtax has gone from 74 million to 410 million, the communal tax from 124 to 550 million.

Vice versa, the tax on agricultural income justifiably introduced by comrade De Stefani²⁷ hitting agricultural income for 170 million in 1926 has been reduced to 85 million because we lowered the rate.

The personal property tax from rent and industry in agriculture from 6 and half million has risen to 70. The livestock tax from 20 to 120.

There are union dues which cost 55 million and the farm worker accident dues that appeared for the first time in 1926 at 29 million and today are at 74 million.

Establishing a base of 100 for 1934 levels, we have an increased fiscal burden, taxes, and dues on agriculture from 100 to 490 lire.

We should tell the citizens to wait a bit before making plans for magnificent urban renewal. In the first place many cities do not need them. Secondly, it is grotesque to occupy the entire engineering and architectural system of the nation with urban planning for a city of thirty thousand inhabitants when all you need is a building surveyor.

Then the citizens must be told to be less demanding because if they want so many things: doctor, veterinarian, midwife, teacher, a presentable contingent of constables in smart uniforms; everything will end up in ruin. Why is it not possible given the current state of affairs to reduce the fiscal burden?

I am not talking about returning to the rates of 1914, which is impossible, but to lower them.

It cannot be forgotten, comrades, that between 1914 and 1934 there was a seemingly insignificant news item that was almost entirely overlooked and seemed modest in scope. This news item was the World War. The World War introduced into the state budget items which did not exist before. What were these items? War pensions

for one billion and 100 million. As I just said, pre-war military expenses of 884 million rose to 4 billion 692 million, a legitimate expense about which there should be no argument. Here it is a question of spending better.

Then there is the interest on the public debt because the war was financed with loans taken out by the governments of the period.

Here let us posit the question, should a new war be financed with loans or with taxes? Because it would have to be paid for!

The High Commission on Defense has already posed and solved this problem. I do not want to tell you how, but as of now we have already what we believe to be the best means to finance the necessities of national defense in the eventuality of war.

Since previous governments chose the route of loans, they took out one in 1914, another on June 15, 1915, a third on December 22, 1915, a fourth on January 2, 1917 and a fifth on December 6, 1917.

Then finally on November 24, 1919 they took out one for an unlimited amount underwritten at a rate of 5 net and a price of 85 which bore 21 billion lire, including the underwriting of bonds from the previous loans.

These are the figures showing how the public debt on June 30, 1914 of 15 billion 766 million increased during the war to 77 billion and change and today is at 102 billion 226 million.

This is interest that must be paid and weighs on the state budget.

Then there is another item called "bailouts." Here as well the question is to be raised, should bailouts have been performed or should everything have been left to go to ruin? First of all, it is not true that the government went forward on all bailouts. We let many institutions and industries fall in which there was still a prevailing economic interest. The bailouts did take place when the economic figure was much lower than the social consequences of not doing a bailout.

We began 1922 immediately with a bailout. 270,000 savers could not be sacrificed. That is when the Liquidation Institute was created.

The name is not a happy one. One can see that at the time the offices just could not find another.

One day you may have read the newspaper communiqué dated March 12, 1934 which read:

In these days meetings of the boards of directors of the three largest Italian banks and credit institutes have been held: the *Banca Commerciale Italiana*, the *Credito Italiano* and the *Banco di Roma* to proceed towards the approval of the budgets for the next yearly meetings at the end of March.

From observations it seems that the Italian banking system has come out of a period of depression to a position of sound efficiency and has reconstituted its entire working capacity to be able to work in ever

greater role for the present needs of the economic recovery in the exercise of its normal duties as an instrument compensated for the movement of monies and for the aid of commerce during normal credit operations.

The dividends to be proposed at the next meeting are of 5%.

The reserves of the institutions are adequate to meet the obligations for any risk due to investments of an industrial nature, which in accordance with the regime guidelines for improved coordination of the industrial activities of the state, have been assumed directly by the IRI which will proceed towards their gradual restructuring and to capital market outflow.

I believe that the greater part of the public will have remarked after reading this communiqué, "Things are getting better!" And in reality that was the case.

But the more adept might have asked, "What is behind this message?" I shall explain it straight away.

During and after the war, banks in Italy stopped behaving like banks. A bank has to be a bank, it must collect, distribute, and provide interest on money.

However Italian banks, perhaps to help industry, absorbed a considerable amount of industrial equities which had fallen in the stock market.

So what happened? This absorption of equities was unloaded on an institute called the Liquidation Institute and now it is called the Institute for Industrial Reconstruction (IRI) which however is divided into two sections: one like a hospital and the other like a halfway house, a path for all of the banks today to be able to return to banking.

But this was costly, and will appear in the state budget, spread out over time. We have reduced and spread it out over time, but it will remain until 1953.

You see how important, delicate, necessary, and therapeutic this operation was.

Today this chapter is closed. We are fine. Those who still talk about a free market economy make me laugh and cry at the same time. Three quarters of the Italian industrial and agricultural economy are under the arms of the Italian state. If I were noncommittal (which is not the case) about bringing state capitalism or state socialism to Italy, which is the other side of the coin, I would objectively have the necessary and sufficient conditions to do so.

Another item weighs on the budget: interventions! Should they have been done? Certainly. Did you want all of the agricultural consortiums in Italy to fail? No. That would have cost 180 million.

And mining, industry, agriculture?

All of this is costly and means budget restructuring. It is necessary and if so, why? Because today we are in a state of real economic war, for which certain

behaviors that worked before are not applicable to today's conditions.

How did the sectors behave after the measures announced on April 14th? Employees behaved perfectly and it could not have been otherwise given their discipline and sense of duty.

I already told you that those who had a 12% reduction are only 7,000; but since they are the highest paid, they have a better understanding of the necessity of the moment than others.

Merchants? They have also worked it out.

Here we must guard against demagoguery.

A merchant has an irreplaceable role, as the link between producer and consumer. Every time that it has been tried to take them out as intermediary, the result has been confusion and price increases.

After all, Italian merchants are quite sensible and every time that something has to be done according to our plans and needs, we go to these comrades and they respond with good will.

The isolated incident of the three rowdy butchers from Ceccano must not be exaggerated. How many merchants are there in Italy? 724,978.

And how many bulk food retailers are there? 35,155.

How many small food store owners are there? 328,965.

So even if an insignificant part did not march in step and has been punished, one must not think that the bulk of the army has remained frozen in their tracks.

Homeowners. Since the bearers of public debt equities have taken a cut of 30%, it was logical that also homeowners should contribute to the common cause.

Now so that you have an idea of the breadth of the phenomenon you should know that in Italy there are 3,784,359 homeowners.

And when you add the 426,000 factory owners temporarily exonerated from taxes, you reach a striking total of 4,210,362 a figure that makes one reflect and says a great deal about the economic composition of the Italian nation.

These figures demonstrate that Italians are eager to build their own houses and to live in them. It is a wise principle that must be encouraged.

Now from this podium we must acknowledge in the most explicit manner, because it is absolutely true, that almost all homeowners have adhered to the law.

Now that I am nearing a conclusion you will ask where are we? Has the crisis been resolved, complicated or worsened?

There are evidently signs of improvement. There is a reduction in bankruptcies, in promissory note complaints, a noteworthy increase in several branches of production.

There are ups and downs that vary from month to month. In any event the conclusion could be that we have been at the bottom for some time and therefore it is reasonable to think that we will not go down any further. That really would be difficult.

There can only be two outcomes: either we will remain stuck on the bottom, or bit by bit we will begin to live. However we must get it out of our heads that we will return to those times that were considered prosperous, a prosperity seen as an ideal as if men had nothing else to do in life but accumulate money.

We are heading towards a period in which mankind has experienced a lowering of standards of living. This should not make us panic. This could be a very strong period for mankind to show capability for self-denial and heroics unimaginable before this moment.

Furthermore, the economic recovery to a greater or lesser degree involves suppositions that are almost entirely political. Never like today has the development of economic forces depended on the conditions of international and European politics. There are deteriorating levels of attrition.

First of all is the disarmament question.

This question has been placed before the world in an absurd manner. There should never have been any discussion of disarmament because even in the best of cases nations will retain arms.

Today this matter can be considered closed. But it will still leave some annoying and pitiful remnants. Then there is the problem of the Sarre and the Danube and the Orient. This old Europe must decide. Either it will conduct a continental policy among continents or the helm will slip out of hand.¹

You may hear about it, but I know something that you do not, learned over the twelve years I have been here. Europe must either rejuvenate its institutions and men or tomorrow it will not be able to face the challenge from the power of America and above all from the forces of Japan.

The terrible question that weighs on the soul of the masses from the dawn of history to today is this. Will there be war or peace?

History tells us that war is the phenomenon that has accompanied the development of mankind. Perhaps it is a tragic destiny that weighs upon man. War is to men like maternity is to women. Proudhon^m said, "War is of divine origin." The melancholy Heraclitus of Ephesus,ⁿ found war at the origin of all things.

That is why, honorable comrade Delacroix, I know that you were jokingly speaking about the Nobel prize. In the *Encyclopedia* I clearly framed my thinking from a philosophical and doctrinal point of view; not only do I not believe in perpetual peace, but I find it a depressing denial of the fundamental virtues of man which under cruel strain are revealed to the full light of the sun.^o

This is our doctrinal stance; political life, our interests, the work of domestic reconstruction to which we apply ourselves make us desire a long period of peace.

Therefore, even if the dramatic alternative should come to pass, the Italian people, educated and ensconced by the aristocracy of the Lictors, will face events with serenity, disciplined awareness, and the firmest of wills.

Footnotes

- a. Mussolini is referring to the March 1929 plebiscite which approved the Concordat with the Catholic Church.
- b. Mussolini provides an exhaustive list of military salaries between 1914–1934.
- c. Statistics in the appendix show that in 1928 government expenditures were 28 billion and revenues were 18 billion for a deficit of 10 billion.
- d. Ferruccio Lantini (1886–1958), Italian politician.
- e. A customs drawback is a refund of customs duties on imported products subsequently exported or used to produce a product destined for export. “Scrib” seems to be a misprint for the term “scrip,” a certificate or receipt that may be used instead of currency.
- f. Great Britain went off the gold standard on September 21, 1931.
- g. The Ottawa Accords (1932) established trading policies and reduced protectionist measures between countries of the British Commonwealth.
- h. The pre-Bretton-Woods international exchange system is mentioned here as a matter of common knowledge.
- i. Interesting window on the days when there was a gold standard.
- j. Washington Naval Conference (1921–1922).
- k. Probable reference to the Italian ocean liner *Rex* launched in 1931.
- l. Mussolini’s final political/economic ideology was Europeanist. In early March 1945 Mussolini gave one of his final interviews in which he spoke frankly about his imminent death and commented about a European union, “I see the salvation of Europe only in a socialist union of all of the European states. A formidable block that will defend our civilization and our existence as much against the red materialism of the Bolsheviks as against the American style experiments, which for us have been more or less harmful. Before long there will no longer be any interest in the German, French, Spanish, Italian issues, etc. The only thing of interest will be Europe and

everybody will realize it. Whether it will be too late or in time, who knows.” “Conversation with Maddalena Mollier,” Benito Mussolini, *Opere omnia*, vol. XXXII, 159.

- m. Pierre-Joseph Proudhon (1809–1865) French politician.
- n. Heraclitus of Ephesus (c. 535–c. 475 BCE).
- o. “Doctrine of Fascism” penned by official regime philosopher Giovanni Gentile and appearing in the *Enciclopedia Italiana* in 1932.

Chapter Seventeen

To the Workers of Milan

(1934)

A SPEECH GIVEN ON October 6, 1934, in Piazza del Duomo, Milan, to a mass crowd; Mussolini defines 1929 as the final year of liberal capitalist economy. Under a fascist economy, Mussolini proposes policies for social justice, military expansionism, and the tutelage of collective rather than individual interests.

Blackshirts of Milan! Comrade workers! This formidable gathering of people closes the cycle of my three days in Milan. The farmers began with their great gifts helping to ease the distress of

many families in every part of Italy. Let me point out to the nation the incredible example of national solidarity offered by the rural workers of the province of Milan.

Today the heart of this ever youthful and vigorous Milan, indissolubly bound to my life, has slowed its powerful beat.

At this moment you are protagonists of an event which the political history of tomorrow will remember as the "Speech to the workers of Milan." At this moment you are surrounded by millions and millions of Italians, while other people listen from across the seas and beyond the mountain ranges.

I must ask for a few minutes of your attention, a few minutes that may become the reason for longer meditations.

The welcome extended to me in Milan did not surprise me, but it did move me. Do not be astonished by this statement. On the day when the heart ceases to beat, that day would be the beginning of the end.

Five years ago, on these very days, the pillars of a temple which seemed to defy the ages, crashed with terrific noise. Countless fortunes were annihilated, and many people did not survive the disaster.

What was under the rubble? Not only the ruin of few or many individuals, but also the end of a phase of contemporary history, of a period which may be defined as liberal-capitalist economy.

Those who take pleasure in surveying the past speak of crisis. This is not a crisis in the traditional sense of

the term. It is the passage from one phase of civilization to another. It is no longer an economy aiming at individual profit, but an economy concerned with collective interests.

In the face of this certified and irrevocable decline there are only two ways to afford necessary discipline to the phenomenon of production.

The first would be to place the entire economy under state control. We reject this solution because we do not intend to multiply by ten the already imposing number of state employees.

The other solution dictated by logic and by the development of events is the corporate solution. This is the solution of self-discipline of production entrusted to producers. When I say producers I do not mean only industrialists or employers, but I also mean workers. Fascism establishes real and profound equality of all individuals regarding labor and the nation. The only difference is the scale and scope of individual responsibility.

While speaking to the densely populated and venturesome city of Bari, I said that the goal of the regime in economics is to ensure higher social justice for all the Italian people.

This declaration, this pledge, I solemnly renew before you today, and I promise it shall be fulfilled.

What does higher social justice mean? It means guaranteed work, fair wages, decent homes, it means the possibility of continuous evolution and improvement.

Nor is this enough. It means that the workers must enter more and more intimately into the productive process and share its necessary discipline.

From 1929 to the present day the mass of Italian workers have drawn closer to the fascist revolution. What other attitude could they have assumed? That of hostility or reservations? How could one be hostile to a movement that includes the best part of the Italian people and exalts their inextinguishable passion for greatness? Could the attitude have been one of indifference? Those who are indifferent have never made history and they never will.

There was a third possible attitude, which is the one the masses have already accepted of a clear, explicit, sincere adhesion to the spirit and institutions of the fascist revolution. If the past century was the century of the power of capital, the twentieth century is the century of the power and glory of labor.

Modern science has succeeded in multiplying the possibilities for wealth. Science, controlled and spurred by the state, must now solve another problem: the problem of the distribution of wealth, in order that the illogical, paradoxical and cruel fact of poverty in the midst of abundance, may cease to exist.

For this great creation all of our energies and all of our will are needed. Since this creation has placed Italy at the vanguard of all countries in the world it is also necessary from an international standpoint that Italy be left in peace.

Both conditions are bound to one another. This is why I shall make a brief survey of the horizon, which I shall limit myself to neighboring countries towards which our attitude cannot be one of indifference, but must either be hostile or friendly.

Let us begin with the east. It is evident that there are no great possibilities to improve relations with neighbors beyond the Alps and the Adriatic while the press continues to rail against us, wounding us to the very core of our being.

The first condition for a policy of friendship that does not become frozen in diplomatic protocols, but slides gradually into the heart of the multitude, is the valor of the Italian Army which fought for everybody and cannot be doubted. The blood shed in the trenches of the Carso, of Macedonia, of Bligny, the six hundred thousand who fell for the common victory; a victory which actually became common only in June, on the banks of the Piave.^a

Nevertheless, we feel our strength for we are strong, and once more may offer the possibility of an understanding of which precise terms already exist. We have defended and will defend the independence of the Austrian republic, which was consecrated by the blood of a chancellor who was physically small but great in heart and soul. Those who say that Italy has aggressive designs, that she intends to impose a sort of protectorate over that republic, are either unaware of the facts or are deliberately lying.

This gives me the opportunity to state that the development of European history is inconceivable without Germany. But it is necessary that certain currents and certain circles should not convey the impression that Germany wishes to remain outside the trend of European history.

Our relations with Switzerland are excellent, and will remain so, not only for the next ten years, but for a period which one can surmise to last much longer. We only wish to see the Italian character of the Canton Ticino preserved and stressed, and this is not only in our interests, but chiefly in the interests of the future of the Swiss republic.

There is no doubt that over the past year at least, our relations with France have improved considerably.

Let me open a brief parenthesis: your attitude to this exposition is acutely intelligent, which proves and counter-proves to me that, whereas the diplomatic method must be reserved, one can always speak directly to the people in outlining the trend of foreign policy for a country as great as Italy.

The atmosphere has improved and if an agreement is arrived at, as we sincerely hope it may, it will prove useful and fruitful to both countries in the general interest of Europe. We will see all this before the end of October or the beginning of November.

The improvement of relations between the various countries of Europe is all the more important since the Disarmament Conference failed.^b

No doubt citizen Henderson, like all Britishers who respect themselves, is stubborn. But he will not succeed in bringing back to life a pacifist Lazarus crushed and buried under the weight of warships and canons.^c

Things being as they are, no one must be surprised if we now point directly for a general mobilization of the Italian people.

This is the other aspect of the corporate system. In order for the morale of the troops of labor to be as high as is necessary, we have advocated the postulate of higher social justice for all the Italian people. A people who fail to find the conditions of life at home worthy of the fascist age and of European standards, are a people who, at the hour of need, will be unable to give their utmost.

The future cannot be planned like an itinerary or a timetable. One must not take out a mortgage too long into the future. Indeed, as we have often said before, we are absolutely convinced that fascism is bound to become the standard type of civilization of our century for Italy and for Europe.

As to the future, be it certain or uncertain, one thing remains as a granite pillar which nothing can demolish or injure: that is our passion, our faith, and our will.

If there is to be real lasting peace, which must be accompanied by justice, we will adorn our rifles with the olive branch. But if this should not come to pass, take it for granted that we, tempered as we are by the fascist climate, will adorn the point of our bayonets with the oak and laurel of victory!

Footnotes

- a. Key Battles of World War I.
- b. Geneva Disarmament Conference (1932–1934).
- c. Arthur Henderson (1863–1935) President of the Geneva Disarmament Conference (1932–1934).

Chapter Eighteen

Before the Assembly of the Council of Corporations (1934)

A SPEECH BEFORE THE assembly of the Council of Corporations on November 10, 1934, further exalting the virtues of corporativism as a vehicle for social justice in what Mussolini defines as the upcoming fascist century.

Comrades, this imposing assembly, perhaps the most imposing in Italian history, is an event in itself because of the place where it is held, the time at which it was called, and the style by which it is distinguished.

To deliver a fourth speech would be superfluous after those clear and, if not dogmatically final speeches of November 14th, January 13th, and October 6th, of the year XII.^a A few summary statements should now suffice.

This assembly is not imposing just because of the number of participants, but is quite unprecedented owing to its character and purpose.

It is a revolutionary assembly, meaning one which acts with method and enthusiasm in order to determine, through institutions, laws, and customs, the political and social transformations which become necessary in the life of a people.

I am certain that each of you, who has the privilege of living through this hour on the Capitol, is deeply conscious of the historical task of this assembly, which represents the nation in all its aspects.

The twenty-two corporations begin their active life today in each single field and, as a collective body, operate through this assembly, concerned with general or political problems, which also begin life today and shall, in due course, displace another institution that belongs to a phase of history now left behind.

Need it be repeated here that the corporations are not an end unto themselves, but rather instruments for the attainment of certain definite objects? By now, this is a well-known "fact." What then are the goals? From a national standpoint, we aim at an organization capable of gradually and inflexibly bridging the gap between

the maximum, minimum, and failing possibilities of life. This is what I call a higher form of "social justice."

In this century one cannot accept material poverty as inevitable, one can merely admit the sad fatality of physiological misery. Artificially provoked shortages are an absurdity which cannot be allowed to last. Scarcity is in itself a clamorous denunciation of the shortcomings of a system.

The past century proclaimed the equality of citizens before the law, a conquest carrying formidable weight. The fascist century upholds, in fact consolidates, this principle, but adds another which is not the less important: the equality of men before work, understood as a duty and a right, as a creative joy that broadens and ennobles existence, rather than mortifies or depresses it. Nevertheless, equality does not exclude but indeed requires, a clear distinction of hierarchy where functions, merits, and responsibilities are concerned.

Externally the objective of the corporation is to increase the sum total of national forces, with a view to expansion in the world.

It is a good thing to stress the international value of our organization, since it is on the international field that races and nations confront each other, sometime hence, when Europe, despite our firm and absolutely sincere desire for collaboration and peace, shall have arrived once again at another crossroads in its destiny.

Today, November 10th of the year XIII, the great corporate machinery is set in motion. Immediate miracles

should not be expected. Indeed miracles should not be expected at all, especially if the political, economic, and moral unrest which now besets such a vast portion of the world, does not cease.

Miracles do not belong to the sphere of economics, but willpower, organization, and method belong to the sphere of politics, where the economy stands as an element and as a force.

We must be prepared for a fairly long experimental phase and, as for results, one may calmly lay store by the efficiency of things themselves, by indispensable transformations of human mentality, and by the selection of men through practical tests. All of this is taking place thanks to fascism.

Once the fact is accepted that the crisis is “in the system,” that what has occurred and what is occurring confirms this point, one must bravely go towards the creation of a new system: our system. This form of economy is regulated, strengthened, and harmonized for the sake of collective utility, by the producers themselves—be they employers, technicians or workers, by means of the corporations created by the state which, representing as it does the whole nation, also stands for the other aspect of the phenomenon, which is the world of consumption.

It would be premature to state what developments the corporate organization may have in Italy and elsewhere insofar as the creation and distribution of goods are concerned, for this is a starting point and not a final destination.

Nevertheless, since fascist corporativism represents a “social” factor of the revolution, all the men of the regime, no matter where they may be or how they rank, are categorically bound to guarantee its development and duration.

In these times of universal confusion, acute misery and deep political tension, the rise of the corporations is accompanied by many fond hopes, not harbored in Italy alone.

These hopes must not and shall not be deceived. One may safely count upon the goodwill and the faith of our men, and even more upon the logic of those principles which, from as far back as 1919, have triumphantly guided the blackshirt revolution towards its future.

Footnote

- a. The regime, in an echo of the French Revolution, marked time from the installation of fascism in Italy rather than from the birth of Jesus Christ.

Chapter Nineteen

Industrial Reconstruction (1935)

THIS ESSAY, NOT directly attributable to Mussolini, provides a rationale for the creation of the IMI (*Istituto Mobiliare Italiano*) in 1931, a state agency for industrial financing, and the IRI (Institute for Industrial Reconstruction) in 1933. These entities are often ascribed to the efforts of minister Alberto Benduce (1877–1944) who was a key player in the banking reform legislation that separated Italian banking from savings and loan institutes and long term institutions for investment and industrial financing under the supervision and potential intervention of the IMI and the IRI.



During 1929–1930 the most economically advanced countries experienced a violent financial and economic crisis which was bound to have repercussions on the structure of the Italian economy, in particular on industrial sectors affected by the changing phases of the situation.

The contraction in business activity in some branches of industry led to a freeze of bank investment into the private economy. Due to the war, taking into account the consequent inflation and the increasing tendency towards economic isolation, these industries reached levels beyond domestic market capacity and the possibilities offered by markets abroad.

Italian savers became even more diffident. They had never been excessively inclined to invest savings in securities due to the oscillations that can be experienced with equities. Thus it became even more difficult for industry to obtain the financing needed whether for normal activities, refurbishment or above all for the long-term consolidation of losses to regular banks and private individuals.

Furthermore, the crisis revealed the irrationality and uneconomic nature of some industrial groups which were not fully integrated economically, and tended to strengthen and integrate their individual concerns as mere combinations of businesses which for purely financial reasons were more inclined to increase than to attenuate risk.

It was necessary therefore to take the following measures:

- a. supply healthy industries with needed long-term financing otherwise unavailable directly on the market;
- b. Split up business groups too large to allow efficient management by administrators;
- c. Free the largest financial institutions from the burden of the freeze on capital, giving back the liquidity and flexibility needed for the business of credit in the short term, according to their traditional function and excluding them from the business of equipment lending.

Naturally each of these tasks and in particular the first two, presume a detailed examination of the economic situation of each company in order to judge whether or not it is viable and to suggest internal changes, the “cuts,” sometimes quite painful but necessary to adapt the structure of companies to the economic conditions of the present and the foreseeable future.

Some powerful countries have found no other solution to exit from the straights of the crisis other than monetary devaluation (which is convenient since it deadens vitality and delays settlement of the crisis until the future). Fascism has preferred the difficult but restorative road of immediate reconstruction, undertaken energetically and in a timely fashion.

In order to perform these arduous tasks the regime created two institutes: The *Istituto Mobiliare Italiano* (IMI) and the Institute for Industrial Reconstruction (IRI).

The first, the IMI, has the task of providing medium-term equipment financing (10 year maximum) with all of the characteristics of normal financing. The second, the IRI, has duties and means that are much more extensive, not only limited to industrial financing over the long term (up to 20 years) but also the reorganization of viable business groups that cannot overcome present difficulties.

This particular and very delicate task can be undertaken by the IRI because it happily combines the capability of a financier and a liquidator. It is comprised of two sections: a financial section and a liquidation section. This second section has the difficult legacy of the Liquidation Institute, which the Duce called the “hospital for banks” while operational.

The two tools entrusted to the IRI allow it to act in the industrial system not only with financing but when the opportunity presents itself, through the reorganization of businesses. This allows the settlement of past obligations not through a chaotic and pernicious policy of forced liquidation but through a reasoned reorganization aided by appropriate financing when conditions are favorable.

There is no lack of those who have seen a danger in the broad mandate of the IRI; of excessive state intervention in private enterprise, claiming that the granting of financing will lead to the direct or indirect assumption of management of a company by the state.

The purposes of the IRI are exactly the opposite. It tends to act so that savers can participate directly in

the capital formation of many Italian companies which until now were controlled by preordained groups. Thus it tends to place stock and bonds among the public.

After all of the suffering, Italian savers no longer have faith in industrial investments, preferring to turn to government bonds or government-backed securities. It is necessary to reeducate them.

At most from time to time this program will employ different tactics according to the characteristics of individual cases. For example on occasion of the SIP^a settlement, IRI thought up a new form of state-backed combined security and stock obligations that would attract savers towards securities since they could be changed into private equities upon request.

When one realizes that the Italian saver has never participated directly, but only through banks, in any real way in the financing of industry, it is possible to understand how the efforts of the IRI to educate savers is not state-centered. Its work must continue even after the crisis ends to help the rise of a new Italian industrial class and encourage and direct the spontaneous flow of savings into industry.

The government, through the efforts of the IRI, will attempt to create a new arrangement by proceeding gradually, without damaging hastiness and dangerous impediments but with clear, well-timed action. The fascist government has no illusions about a miraculous improvement of the worldwide situation, and therefore is not remaining inactive while waiting for

improvements to occur. Nor will it use palliative measures to try to revive the organism in a manner that will not resolve the problem. It does not fear a deterioration of the situation but instead seeks to build on the current foundation.

In other words, the establishment of the IRI and its operations demonstrate that the government feels that it has reached a level of stability for the construction of the basis for a lasting solution of the industrial situation. This leads to the position that such realistic and constructive policies are only possible because of the timely actions taken to stabilize the currency, which constitutes the only solid basis on which it is possible to establish economic predictions. In other countries where monetary instability still dominates, the difficulties of making predictions have increased enormously, making any action for the stabilization of the industrial economy impossible.

The IRI does not act in the manner of a private financial institution since it constantly takes societal and national order into consideration as well as factors related to business economics. From the various technical solutions allowed in any operation, it chooses those that best correspond to the interests of the country.

If the creation of the IMI and the IRI has been determined by circumstances arising from the crisis; it is incorrect to assume that a change in the current situation will bring their duties to an end. They have

demonstrated an ability to handle assigned tasks in perfect adherence to orders from the Duce and will remain active even in more favorable economic times.

It must be realized that industrial financing in Italy has been performed primarily by normal credit granting institutions in a manner of absolute contrast with the long-term nature of financing. The circumstances that brought about the fall of the *Società Generale di Credito Mobiliare* in the last decades of the last century have repeated every so often over the course of the history of Italian finance. The need to attentively supply long-term financing to industry without forcing it to resort to the formation of economic financing groups that are unhealthy in the long run, remains, even in times of prosperity. State-controlled financial institutions can undertake this task in a more effective manner. We will say more. If by private initiative one means that which tends to give life to individual companies (among which are many small and medium-sized businesses) according to the traditions and the attitudes of the Italian industrial class, which wants to live independently of large financial groups (which often tend to create a state within the state): then there is no doubt that by providing long-term financing the IMI and the IRI are the most powerful proponents of private enterprise and medium-sized industry, according to the principles established in the Labor Charter.

It is therefore understood that by creating the IMI and the IRI as its direct representatives, the regime

intended to give space to technical financial agencies that would have the oversight so that private enterprise, always in accordance with the dictates of the Labor Charter, would act within the scope of national interest.

With the attendant and acquired knowledge that these agencies must possess of all the sectors of the complex world of production and in the strictest collaboration with interested unions and especially the future category corporations, the IMI and IRI can contribute efficiently to the direction of a productive economy to attain goals of a general nature in accordance with the fundamental characteristics of the corporate order.

Footnote

- a. The *Società Idroelettrica Piemontese*.

Chapter Twenty

Plan for the New Italian Economy (1936)

A SPEECH DELIVERED IN Rome while presiding over the National Assembly of the Corporations on March 23, 1936, which outlines the autarkic policies of the regime in the context not only of the post-1929 financial crisis but also of the war in Ethiopia (1935–1936) and the subsequent League of Nations economic sanctions against Italy. Autarky thereby attains increased military and political significance. Mussolini lists Italian deficiencies in raw materials with the conclusion that the IRI will take an increased role in the economy and in national defense.



Comrades!

Solemn are the circumstances under which the assembly of the corporations meets for a second time on this hill that fills the world with its name. We are at war, the most difficult and demanding time in the life of a people. Another event increases the solemnity and seriousness of the hour: the siege that fifty-two countries have decided to enact against Italy, which was wanted and imposed by one state alone and which other states after voting, did not enforce, obeying the voices of their consciences. It was rejected by three states: Austria, Hungary, and Albania, not just out of friendship but because they were disgusted by the shame of the proceedings that put Italy, mother of civilization, on the same level with a *mélange* of truly irreparably barbarian races in Abyssinia.

In the fifth month of a siege that will remain in European history as a hallmark of infamy, just as the material and moral aid to Abyssinia will remain as a page of dishonor. Not only did Italy not give in, but can repeat that she will never give in to this siege. Only dull ignorance would conclude otherwise.

It was our firm duty to move forward. We did so, but more than us, much more than us were the soldiers and blackshirts who broke the Abyssinian impertinence and crushed their armed forces.

Victory kisses our flags. What the soldiers conquered is already territory sacred to the homeland. From these

hills towards the African shores goes a salute to the revolution of the victorious phalanges of fascist Italy.

The economic siege was decreed against Italy for the first time, because according to a phrase uttered at the meeting in Paris on March 10th, there was reliance on the "modesty of our industrial strength." This economic siege has raised a numerous series of problems that can be summed up in the proposition that political autonomy, the possibility for an independent foreign policy, cannot be devised without corresponding economic autonomy. That is the lesson that none of us will forget! Those who think that once the state of siege is over that there will be a return to the situation of November 17th are fooling themselves.

November 18, 1935 is a date that marks the beginning of a new stage in Italian history.^a November 18th brought with it something definitive and I might even say irreparable. The new stage of Italian history will be dominated by this postulate: to achieve in the shortest time possible the maximum autonomy possible in the economic life of the nation.

No nation in the world can achieve perfect, one hundred per cent economic autonomy on its own territory in an absolute sense. Even if it could, it probably would not be that useful. But every nation tries to free itself to the greatest degree possible from foreign servitude.

There is one sector above all in which one must try to achieve this autonomy: national defense. When this autonomy is lacking, every possibility for defense

is compromised. Policies are at the mercy of foreign bullying, even if only economic. The economic war, the invisible war inaugurated by Geneva against Italy, would end up having the better even over a people of heroes. The attempt of these months is a warning to this effect.

In order to see if and under what constraints Italy may achieve economic autonomy in national defense, it is necessary to proceed with an inventory of our resources and establish furthermore, what science and technology can provide. For this we have created the support necessary at the National Research Council. It is useful to be aware beforehand that in the eventuality of war, civilian consumption will be either partly or completely sacrificed.

Let us start the inventory from the most negative entry—liquid fuel. The search for petroleum on the national territory is underway, but without significant results thus far. To supply the demand for liquid fuel, particularly in wartime, we rely on hydrogenated lignite, alcohol from agricultural products, and bitumen distillation. Italy's lignite patrimony exceeds 200 million tons. As for combustible solids, under current technology we cannot do without high quality coal destined for special uses. For the rest we can use domestic coal from Liburnico, Sardinia, and Aosta. The Italian Coal Agency has already made important progress. Production is increasing greatly and fully satisfying demand. I calculate that with our resources and

by electrifying the railroads and controlling consumption after a certain period, we will be able to substitute between 40 to 50% of foreign coal.

Let us go to metals and minerals. We have enough iron for our needs in peace and wartime. Old Elba seems inexhaustible. The Cogne basin is valued at many tens of millions of tons of the mineral, which after the Swedish, is the purest in Europe. The only problem is that it is to be found at an altitude above 2,800 meters. This problem is not insurmountable. Other iron mines have been reactivated at Nurra and Valarsa. If we add pyrite to the iron mines, we can keep quiet about this side of the issue. Other minerals that Italy possesses in great quantity are: bauxite and lucite for aluminum, zinc, lead, mercury, sulfur, and manganese. There is tin and nickel in Sardinia and in Piedmont. We do not have very much copper. Passing to other raw materials, until today we have not had cellulose, but we will before long. We do not have rubber.

In 1936 we will begin to cultivate cotton again. We lack oilseeds. While awaiting the production of artificial wool on an industrial scale, natural wool does not cover domestic consumption. The deficiency of some textile raw materials is not that worrisome. This is a field where science, technology, and the ingenuity of the Italian people can operate freely and is in fact already at work. For example, there is broom, something that grows spontaneously everywhere. Italians only know about it because Leopardi dedicated one of

his most pathetic poems to it.^b Today it is a textile fiber that can be exploited for industry. 48 million Italians will always have the garments necessary to cover themselves, but in these days the composition of these fabrics is absolutely unimportant.

The issue of raw materials is to be posed, once and for all, not in the terms of hands off classical liberalism resigned to eternal inferiority for Italy which can be summed up in the comment which has been abused as a commonplace, that Italy is poor in natural resources. Instead it must be stated that Italy does not have some raw materials and this is one of the fundamental reasons she needs colonies. Italy does have sufficient quantities of some raw materials and is rich in many other raw materials. This is the true makeup of the reality of the situation and explains our conviction that Italy can and must reach the maximum level of economic autonomy for peacetime and above all for wartime. The entire Italian economy must be directed towards this supreme requirement. The entire future of the Italian people depends on it.

I come now to a very important point of my speech: to what many can be called the definitive plan for the Italian economy in the next fascist period. This plan is dominated by the premise of the unavoidability that the nation will be called to war. When? How? Nobody can say but the wheel of destiny turns quickly. If this were not the case how can the policies of colossal arms buildups by all nations be explained? This dramatic

possibility must guide our every action. In the current historical period the existence of war along with the doctrine of fascism, is a determining factor in the attitude of the state regarding the national economy.

As I said at Milan in October 1934, the fascist regime does not intend to nationalize or worse bureaucratize the entire national economy, it is enough to control it and discipline it through the corporations whose activities I have followed with great results offering opportunities for further measured development. The corporations are organs of the state, but not mere bureaucratic organs of the state.

Let me proceed to the analysis. The fundamental sector of agriculture is not, in its structure, amenable to noticeable change. There is no substantial innovation to the traditional forms of the Italian agricultural economy which responds well to the goal of meeting the nutritional needs of the Italian people and furnishing raw materials to industry. The agricultural economy remains therefore a private activity, controlled and aided by the state so that it meets ever increasing levels of production in harmony through the corporations with the rest of the national economy. The problem of temporary farm workers remains to be resolved along the lines that fascism has already laid out.

As for business activity, it is necessary to consider two issues: external factors which are directly or indirectly a matter for the state and not at all contingent as some might like to believe, and domestic factors

which under the steady discipline of the various sectors will not change much in makeup. The area of commerce remains entrusted to the actions of individuals, groups, or cooperatives.

As for the credit sector which for the economy is like blood for the human body, recent provisions have logically put it under state control. For a thousand reasons this sector is absolutely relevant to the state.

Moving on to industrial and handicraft production, I declare that craftsmanship will be helped, for in Italy it is irreplaceable. This is not only in recognition of a glorious tradition that we defend, but for its current usefulness. Small and medium-sized industry will remain under individual initiative and responsibility, in harmony nationally and socially through corporate self-discipline.

As for large industry that works directly or indirectly for national defense with capital accumulated through stock issuance or industry that has developed to the point of becoming capitalist or super capitalist. These pose problems that are not just economic, but of a social nature. These will be organized into large units according to what are defined as key industries and will take on a unique role within the orbit of the state. This operation in Italy will be facilitated by the fact that through the IRI the state already possesses large shares and even the majority of stock holdings in the main industrial groups involved in national defense.

Will state intervention in these large industrial units be direct or indirect? Will it be in the form of management or regulation? In some sectors it could be direct management, in others indirect, in others effective control. One could also consider mixed enterprises, in which the state and private concerns put together the capital and organize common management.

It is perfectly logical that in the fascist state these industrial groups cease to have the characteristics of private companies that they have completely lost *de jure* (by law) since 1930–1931.

These industries, for their characteristics, volume, and decisive importance for war aims, are beyond the confines of the private economy and enter into the field of the state-owned or state-controlled economy. The products that they supply have only one buyer—the state. We are approaching a period in which these industries will have neither the time nor the possibility to work for private consumption, but will have to work exclusively, or almost exclusively, for the forces of the nation.

There is an exquisitely moral reason that inspires our remarks. The fascist regime does not allow individuals and society to draw profits from an event that demands the severest sacrifices from the nation. The sad phenomenon of profiteering will no longer take place in Italy.

This constitutional transformation of a vast and important sector of our economy will not be made hastily but calmly with fascist resolve.

I have thus laid out in general terms what the future will be for the nation from an economic standpoint. As you can see the corporatist economy is harmonious and multifaceted. Fascism has never thought to reduce it to one common state denominator, to transform the entire national economy into a "state monopoly." The corporations provide the discipline and the state will only take up the sectors related to defense, the existence and security of the homeland.

In this necessarily varied economy, as is varied the economy of every highly developed civil nation, workers gain equal rights and duties becoming contributors to business at the same level as suppliers of capital and technical managers. In the fascist era, work, in its infinite manifestations, becomes the only yardstick to measure the social and national usefulness of groups and individuals.

An economy like the one for which I have laid out a master plan must be able to guarantee tranquility, well-being, and the moral and material elevation of the countless masses that comprise the nation who have shown, in these times, such a high degree of national consciousness and absolute adhesion to the regime. Within the fascist system they must and will reduce the distances between different categories of producers who recognize the level of their highest duty and most arduous responsibility. Within the fascist economy there will be the achievement of the highest form of social justice from the dawn of time

and the yearning of the multitudes in their bitter daily struggle for the basic necessities of life.

This is the second time that the National Assembly of Corporations meets at the Capitol. Some may legitimately ask, what will happen to this assembly? What place will it take within the economic constitution of the Italian state? Answers to these questions have already been given, precisely in my speech of November 14, 1933, Year XII, where I announced that the National Council of the Corporations could very well replace and would wind up replacing *in toto* the Chamber of Deputies. Today I confirm that intention. The Chamber, already heterogeneous because some of its members are also members of this assembly, will cede its place to the National Assembly of Corporations that will comprise the "Chamber of the Fasces of the Corporations" and will be formed, at first, from the group of the 22 corporations.

The manner in which this new representative and legislative assembly will be formed, the rules for its operation, its attributes and prerogatives, its character are problems of a doctrinal and even technical nature which will be examined by the supreme organ of the regime: the Grand Council.

This assembly will be absolutely "political," because almost all economic problems cannot be solved without putting them on a political footing. On the other hand, the other forces which could perhaps arbitrarily be called extra-economic will be represented by the party and recognized associations.

Now you may ask me when this profound but already mature constitutional transformation will take place? I will respond that the date is not far off, even if tied to the victorious aftermath of the African war and events in European politics.

With the economic transformations that I mentioned and with this political and constitutional innovation the fascist revolution fully achieves its fundamental aims, proclaimed at the meeting at piazza San Sepolcro about 17 years ago. . . .

Footnotes

- a. League of Nations economic sanctions against Italy for the invasion of Ethiopia began on November 18, 1935.
- b. Giacomo Leopardi (1789–1837), author of *La ginestra*, a poem with themes of fatalism and the indifference of nature.

Chapter Twenty-One

Preliminary Remarks for the Creation of the New Structure for the Italian Economy (1944)

A DOCUMENT APPROVED BY the Council of Ministers on January 13, 1944, and published in the *Corriere della Sera* newspaper on January 14, 1944. Following the Anglo-American invasion of southern Italy, Mussolini received a no-confidence vote at a meeting of the Grand Council of Fascism on July 24, 1943, and was subsequently arrested and held at Gran Sasso from where he was freed by a commando of Germans arriving in military gliders. This document

details the wartime economic policies of the Italian Social Republic, the state into which Mussolini was installed as leader by Nazi Germany.



1. In accordance with the 9th declaration of the Charter of Labor and the postulates directed by the first report of the Republican Fascist Party of Verona, the state undertakes the direct management of enterprises that control essential sectors for the political and economic independence of the country, as well as firms supplying raw materials or energy and other indispensable services for the normal functioning of the economic life of the country. Capital of the enterprises above is to be administered by the state through a Management and Financing Institute, a legally autonomous public agency that controls the productive activity of these same firms, according to the guidelines of the economic policies of the republic, as indicated by authorized agencies. The securities of capital invested in the firms above are to be exchanged for credit shares of individual shareholders under the Management and Financing Institute, as represented by stocks emitted by the same according to the terms defined by the government. These securities are freely exchangeable, transferable and produce interest. All firms that the state does not determine appropriate to assume direct control, according to established guidelines,

will continue to be privately held. The state can participate in the capital formation through the Management and Financing Institute.

2. Socialized management. The management of an enterprise, whether from public or private capital, is to be socialized with the participation of labor. Publically funded firms are administered by a Management Council, elected by all of the labor of the firm: workers, employees, and technicians. The Management Council will consider and decide all matters concerning the undertaking of production, within the scope of unified national plan as determined by the authorized agencies of the Italian Social Republic. It will set a budget, determine the division of income, allotting part to the workers, it will consider and decide the stipulations of firms' labor contracts with the association of laborers, and every other matter concerning the regulation and safeguarding of labor within enterprises. In privately funded firms, joint administrative bodies organized according to the laws of the civil code, from the constituent proceedings and statutes, must be integrated with worker representatives in the firms: workers, employees, and technicians in a number at least equal to the number of representatives elected by the stockholder assembly. In individual firms and in those where the constituent proceedings and statutes require a single administrator, there will also be the formation of a council

of workers, employees and technicians with at least three members as long as these firms employ a total of at least 50 workers. In cases in which the state participates in the capital formation of the firm and in the board of directors, it will also nominate the representatives of the Management and Financing Institute.

3. The head of the firm. Every firm has a head, politically and legally responsible for the ongoing production before the state, who may be removed and relieved when his activity does not correspond with the demands of production and to the norms of discipline and the safeguarding of labor. The head of a publically funded firm is nominated by the government, upon designation by the Management and Financing Institute, from the members of the Management Council who can offer special guarantees of their background and technical ability. The head of a private firm will be an entrepreneur or technician chosen by the Management Council. Every sector of the firm, whether in a private or public enterprise, has a head chosen from among technicians, whether from within or outside the firm, who is nominated by the Management Council. The head of the firm is politically and legally responsible to the state for the progress of production and discipline in the firm. In every firm the Factory Council, elected by all workers, employees and technicians, decides on internal regulations and the disagreements that may rise in

their implementation and expresses its own opinion on all concerns that are brought forth to them by the head of the firm. Profits distributed on invested capital in an enterprise cannot exceed a level, established year to year, that reflects the economic situation. A suitable profit division must be guaranteed for the workers. Profits that exceed capital remuneration and worker participation are to be destined for the state, so that they may be administered and used through the Management Financing Institute for goals of a social nature.

4. Legislative measures. Further decrees and regulations for the implementation and coordination of the present legislation will be issued. Forthcoming decrees will provide periodic determination regarding those firms that will proceed for change from public to private capitalization. The government may nominate its own commissars to manage firms for which such measures are considered useful in accordance with future transformation into publically funded enterprises.

Chapter Twenty-Two

Twenty-Year Logical Development of Fascist Doctrine

(1944)

THIS DOCUMENT DATING from February 24, 1944, is a summary written by Mussolini which reveals the attempts of the Italian Social Republic to regain the progressive and revolutionary tone of the early days of fascism.

The second of eight points that precede the text of the decree on the socialization of enterprises approved by the council of ministers on February 12th state that one of the fundamental criteria inspiring

this very decree is the demand of the Mussolinian concept of greater social justice, for a more equal distribution of wealth and the participation of labor in the life of the state. It is necessary to emphasize this concept for it means reclaiming Mussolinian thinking, thinking sculpted in the words and made concrete in the works of Mussolini over 20 years. This is not a change of course towards new doctrine, denying or at least obliterating the past. This is the development, or perhaps a happy and necessary coronation, and not a different and untried restructuring of social problems.

Already on March 20, 1919, three days before the founding of the *fasci*, Mussolini spoke thus to the workers at Dalmine:

You are not the poor, humble or rejected according to the old rhetoric of literary socialism. You are the producers and in that capacity you demand the right to negotiate on the same level as the industrialists. . . . You add essential activities to modern life. . . . It is labor that in the trenches ordained a right to no longer be fatigued, desperation because it must become pride, creativity the conquest of free men in a free country that is great within and outside its borders.

On October 9, 1919 the first great fascist gathering took place. Here is the Fabbri report on fascist policies, read on that occasion:

On the social front: a) the prompt promulgation of a state law that establishes the legal limit of a workday at 8 hours of actual labor for all workers; b) minimum wage; c) The participation of worker representatives in the technical management of industry; d) the entrusting to the same proletarian organizations in the management of industries or public services; e) a needed change to the proposed laws covering disabilities and old age, establishing an age limit according to the effort required by each type of labor; f) requirement that landowners cultivate lands, noncultivated land will be given to farmer cooperatives; g) reform of the bureaucracy inspired by a sense of individual responsibility.

The Ministry of the Corporations was inaugurated on July 31, 1926. Mussolini stated with extreme precision:

Until yesterday working people were misunderstood and neglected by the former regime. Working people were camped outside of the state and were against the state. Today all of the factors of production, capital, technology, labor enter into the state and find there corporate agencies for understanding and collaboration.

At the Fascist Union Leader Congress in Rome held on May 7, 1928, the Duce made the following policy declaration:

Our masses need qualitative improvement, to spread the vital essence of our doctrine in the body of Italian unions. When these conditions will have been met, we will audaciously and methodically proceed to the third and last phase: the corporate phase of the Italian state. This century will see a new economy. Just as the last century saw the capitalist economy, this century will see the corporate economy . . . It is necessary to put capital and labor on the same level. We must give to one and the other equal rights and duties.

On October 6, 1934 the Duce reasserted his social policies with the following words, in which for the first time he defined the concept of “higher social justice”:

Fascism established true and deep equality among all individuals with respect to labor and the nation. . . . What does higher social justice mean? It means guaranteed work, a fair wage, a decent house; it means the possibility to grow and better oneself perpetually. But this is not enough. It means that workers, laborers must become more involved and profoundly understand the

productive process and participate in its required order.

A rational development in the concept of social justice comes in the following statement made by Mussolini on March 13, 1936:

The distance between different sectors of production must be reduced and will be reduced. . . .

On March 23, 1936 Mussolini gave a speech to the corporations speaking of "key industries," which directly or indirectly concerned the defense and life of the nation. On this occasion, he posed the following questions:

Will state intervention in these great industrial groups be direct or indirect? Will it take the form of management or control?

He answered:

In some sectors there could be direct management, in others indirect, in others efficient control. It is perfectly logical that even in the fascist state that these industrial groups cease to have even *de iure* (legally) the makeup of privately held firms. . . . This constitutional transformation of a vast and important part of our economy will be undertaken without haste, calmly, decidedly. . . . In this economy workers become partners in the firm with

the same duties, the same rank as suppliers
of capital or managerial experts.

It would be easy, as it will appear obvious to anyone who understands the expression of Mussolinian social thinking, to continue. But these few quotations are enough to document the coherency of the fascist revolution, which does not now deny its own origins and its 20-year development, but as a reworking of its most genuine essence against all external obstacles and internal resistance that comes between the full realization of its highest social goals. It is therefore absolutely superfluous for Italians with short memories to act so surprised, as if they fell from the clouds faced with the fundamental steps for socialization. It is, true enough, a new milestone, but at our backs, like a heritage that cannot be denied, is the road that we have took with such effort, while once again, whether the “astonished” want it or not, the revolutionary thinking of the Duce is at the avant-garde.

Appendix

Italian Economic Statistics
1922-1945

**BIRTHS, DEATHS, AND MARRIAGES
(PER THOUSAND)²⁸**

YEAR	BIRTHS	DEATHS	MARRIAGES
1922	30.8	18.1	19.2
1923	30.0	17.0	17.4
1924	29.0	17.1	15.8
1925	28.4	17.1	15.2
1926	27.7	17.2	15.0
1927	27.5	16.1	15.2
1928	26.7	16.1	14.2
1929	25.6	16.5	14.2
1930	26.7	14.1	14.8
1931	24.9	14.8	13.4

BIRTHS, DEATHS, AND MARRIAGES
(PER THOUSAND, CONT'D.)

YEAR	BIRTHS	DEATHS	MARRIAGES
1932	23.8	14.7	12.8
1933	23.8	13.7	13.8
1934	23.5	13.3	14.8
1935	23.4	14.0	13.4
1936	22.4	13.8	14.8
1937	22.9	14.3	17.4
1938	23.8	14.1	15.0
1939	23.6	13.4	14.6
1940	23.5	13.6	14.2
1941	20.9	13.9	12.2
1942	20.5	14.3	12.8
1943	19.9	15.2	9.6
1944	18.3	15.3	9.6
1945	18.3	13.6	13.8

MIGRATION (IN THOUSANDS)²⁹

YEAR	EMIGRATIONS	IMMIGRATIONS
1922	281.3	110.8
1923	390.0	119.7
1924	364.6	172.8
1925	280.1	189.1
1926	262.4	177.6
1927	218.9	140.4
1928	150.0	98.8

MIGRATION (IN THOUSANDS, CONT'D.)

YEAR	EMIGRATIONS	IMMIGRATIONS
1929	149.8	115.9
1930	280.1	129.0
1931	165.9	107.7
1932	83.3	73.2
1933	83.1	65.8
1934	68.5	49.8
1935	57.4	39.5
1936	41.7	32.8
1937	59.0	35.7
1938	61.5	36.9
1939	29.5	87.3
1940	51.8	61.1
1941	8.8	46.1
1942	8.2	20.5
1943	*	*
1944	*	*
1945	*	*

* Data unavailable.

UNEMPLOYMENT (IN THOUSANDS)³⁰

YEAR	UNEMPLOYED
1925	110
1926	114
1927	278
1928	324

UNEMPLOYMENT (IN THOUSANDS, CONT'D.)

YEAR	UNEMPLOYED
1929	301
1930	425
1931	734
1932	1,006
1933	1,019
1934	964
1935	*
1936	*
1937	874
1938	810
1939	706

**INDUSTRIAL DISPUTES
(WORKERS INVOLVED IN THOUSANDS)³¹**

YEAR	DISPUTES
1922	448
1923	66
1924	187
1925	308
1926	*
1927	19
1928	3
1929	3
1930	3
1931	4

* Data unavailable.

INDUSTRIAL DISPUTES
(WORKERS INVOLVED IN THOUSANDS, CONT'D.)³¹

YEAR	DISPUTES
1932	0.6
1933	0.8
1934	0.6
1935	0.6

WAGES IN INDUSTRY (BASE YEAR 1929 = 100)³²

YEAR	WAGES
1923	93
1924	93
1925	104
1926	112
1927	111
1928	102
1929	100
1930	99
1931	92
1932	87
1933	84
1934	81
1935	78
1936	78
1937	81
1938	85

WAGES IN AGRICULTURE (BASE YEAR 1929 = 100)³³

YEAR	WAGES
1927	109
1928	101
1929	100
1930	93
1931	83
1932	75
1933	74
1934	71
1935	72
1936	73
1937	82
1938	86

INDUSTRIAL PRODUCTION INDEX (1913 BASE YEAR)³⁴

YEAR	INDEX
1922	61
1923	66
1924	73
1925	83
1926	83
1927	80
1928	88
1929	90
1930	85
1931	77

INDUSTRIAL PRODUCTION INDEX
(1913 BASE YEAR, CONT'D.)

YEAR	INDEX
1932	77
1933	82
1934	80
1935	86
1936	86
1937	100
1938	100
1939	109
1940	110
1941	103
1942	89
1943	69
1944	42
1945	29

TRADE (IN MILLION LIRE)³⁵

YEAR	IMPORT	EXPORT
1922	15,741	9,160
1923	17,157	10,950
1924	19,373	14,270
1925	26,200	18,170
1926	25,879	18,544
1927	20,375	15,519
1928	21,920	14,444

TRADE (IN MILLION LIRE, CONT'D.)

YEAR	IMPORT	EXPORT
1929	21,303	14,767
1930	17,347	12,119
1931	11,643	10,210
1932	8,268	6,812
1933	7,432	5,991
1934	7,675	5,224
1935	7,790	5,238
1936	6,039	5,542
1937	13,943	10,444
1938	11,273	10,497
1939	10,309	10,823
1940	13,220	11,519
1941	11,467	14,514
1942	14,038	16,047

BANKNOTE CIRCULATION (IN MILLION LIRE)³⁶

YEAR	LIRE
1922	20,496
1923	19,810
1924	20,514
1925	21,450
1926	20,134
1927	18,776
1928	17,456
1929	16,854

BANKNOTE CIRCULATION
(IN MILLION LIRE, CONT'D.)

YEAR	LIRE
1930	15,681
1931	14,295
1932	13,672
1933	13,243
1934	13,145
1935	16,944
1936	17,831
1937	18,818
1938	20,811
1939	26,880
1940	34,204
1941	53,759
1942	78,778
1943	180,823
1944	318,985

CENTRAL GOVERNMENT EXPENDITURE
(IN MILLION LIRE)³⁷

YEAR	LIRE
1922	37,206
1923	24,090
1924	24,240
1925	21,930
1926	22,755

CENTRAL GOVERNMENT EXPENDITURE
(IN MILLION LIRE, CONT'D.)

YEAR	LIRE
1927	24,592
1928	29,649
1929	20,841
1930	20,858
1931	25,856
1932	25,235
1933	22,855
1934	28,137
1935	21,871
1936	66,923
1937	48,065
1938	40,632
1939	42,627
1940	70,000
1941	106,000
1942	123,000
1943	160,000
1944	247,000

TOTAL TAX REVENUES (IN MILLION LIRE)

YEAR	LIRE
1922	19,701
1923	18,803
1924	20,582
1925	20,440
1926	21,043
1927	21,450
1928	20,072
1929	20,201
1930	19,838
1931	20,387
1932	19,324
1933	18,217
1934	18,057
1935	18,817
1936	20,317
1937	24,702
1938	27,468
1939	27,576
1940	32,350
1941	34,234
1942	41,224
1943	50,376
1944	47,236
1945	64,635

WHOLESALE PRICES (BASE YEAR 1929 = 100)³⁹

YEAR	INDEX
1922	112
1923	113
1924	113
1925	126
1926	129
1927	108
1928	105
1929	100
1930	90
1931	78
1932	73
1933	66
1934	65
1935	71
1936	80
1937	93
1938	100
1939	104
1940	122
1941	136
1942	152
1943	229
1944	857
1945	2,058

CONSUMER PRICE INDEX (BASE YEAR 1939 = 100)⁴⁰

YEAR	CPI
1922	93
1923	93
1924	96
1925	108
1926	116
1927	106
1928	98
1929	130
1930	97
1931	87
1932	85
1933	80
1934	76
1935	77
1936	83
1937	91
1938	98
1939	100
1940	119
1941	138
1942	159
1943	267
1944	1,187
1945	2,338

GROSS NATIONAL PRODUCT (1938 PRICES)⁴¹

YEAR	GNP
1922	110
1923	116
1924	117
1925	124
1926	125
1927	124
1928	134
1929	136
1930	128
1931	127
1932	132
1933	131
1934	131
1935	144
1936	142
1937	143
1938	153
1939	162
1940	154
1941	151
1942	144
1943	129
1944	95.3

**OVERALL CURRENT BALANCE (DIFFERENCE BETWEEN
EXPORTS AND IMPORTS OF GOODS AND SERVICES,
IN MILLION LIRE)⁴²**

YEAR	LIRE
1922	-2,248
1923	-1,541
1924	386
1925	-1,187
1926	-1,034
1927	-696
1928	-3,252
1929	-2,402
1930	-1,520
1931	1,768
1932	772
1933	-568
1934	-627
1935	-1,590
1936	261
1937	-1,992
1938	-547
1939	-9
1940	-2,880
1941	1,330
1942	176
1943	-2,487
1944	-35,579
1945	-135,000

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26. The statement about castor oil is attributed to John Maynard Keynes. Michele Fratianni and Franco Spinelli, *A Monetary History of Italy* (Cambridge: Cambridge University Press, 1997), 131.
 27. Alberto De Stefani (1879–1969), finance minister from (1922–1925), favored laissez faire ideals later dropped by the regime.
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 30. *Ibid.*, 164.
 31. *Ibid.*, 174–179.
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 39. *Ibid.*, 859.
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It may be argued that Benito Mussolini (1883–1945, dictator of Italy 1922–1943) invented modern crony capitalism. As he saw it, the state would not own the economy. Ownership would nominally remain in private hands, although the state would exercise total control.

Government control without direct ownership had the advantage that when the economy did well, the state could take credit. When the economy did poorly, private parties could be blamed. Prior to the debacle of World War II, many of Mussolini's policies were admired by progressives such as economist John Maynard Keynes and President Franklin Roosevelt.

Today, nobody supports what came to be called fascism, but nevertheless many of the economic policies central to it survive and even dominate in countries all over the world. This unique collection of Mussolini's statements about economics is important, all the more so since many of them have not been previously available in English.

Professor Carlo Celli has reviewed all the available material and created a masterful compilation of the most important primary documents. He also provides an introduction to set the scene and an appendix of economic data to clarify what was happening at the time.

If you are interested in the origins of today's crony capitalism and wish a better understanding of it, you will want this book.

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Press 

USD \$19.00

ISBN 978-1-60419-076-2



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