

STATISTICAL AND SOCIAL INQUIRY SOCIETY OF IRELAND.

SOME ASPECTS OF THE ITALIAN CORPORATIVE ORGANISATION.

By JAMES MEENAN, M.A.

(Read before the Society on Thursday, 25th October, 1934).

It is now almost exactly twelve years since the March on Rome. During that comparatively short space of time the Fascist régime has not only impressed its ideals upon the consciousness of its own people, but has aroused the interest of the countries of Europe in its political faith and in its economic practice. Many countries of Europe, some of them not the least important, have joined the Fascist régime in its denial of political and economic liberalism and have attempted to set up a corporate state upon the ruins of their old democracy. In other countries in which the tradition of personal liberty still survives, the study of the Italian corporative organisation has become of the greatest interest, and it has been asked how far society can be organised upon corporative principles and whether the adoption of these principles necessarily entails the acceptance of dictatorship and the abolition of the historic liberties of the subject.

The present paper will make no attempt to answer this question, which, indeed, is rather one belonging to the science, and perhaps nowadays the practice, of politics. It is rather a description of the organisation of which the corporate state is composed and by which it is governed. Its scope being limited by considerations of time it may be found lacking on several points of interest and superficial upon others. It may be possible to refer to some of these in discussion, but the whole concept of the Corporate State is so revolutionary in itself and its implications that its study would occupy many a meeting. An attempt will be made to survey the organisation set up by the corporative legislation of the last eight years, and to answer some of the questions inevitably provoked by even so cursory a glance.

The Basic Law.

The first and fundamental law of the Corporate State was that of April 3, 1926. The main features of this law are: the abolition of the right to strike or lock out; the regulation of industrial relations by collective contracts which were to be enforced by Labour Courts; the establishment of syndicates into which employers and employees were to be organised, and the attribution of public status to them.

The provisions of the law have been so briefly summarised in order to emphasise how nearly it follows the two basic principles of the Corporate State, that no body of employers or employees have the right to cease work since it is upon them that the prosperity of the State depends; and that their associations, if formed upon lines laid down by the State and recognised by it, have the right to advise it upon economic questions.

Within the limits of this paper these principles may be noted only and not discussed but it will be clear that from the former follows logically the abolition of strikes and lock-outs. It is, perhaps, needless to say that this abolition has been entirely successful. In 1920 there were 2,086 strikes and lock-outs affecting 2,286,066 men; in 1932, 23 affecting 318 men.¹ It should be said that the figures have fallen steadily since the law of 1926.

These figures, however, deserve a word of comment. In Italy the strike has always, under the influence of Bakunin and Sorel, been regarded not alone as an economic but also as a political weapon. Thus the 1920 statistics represent both the post-war economic dislocation and the political agitation, which at times approached civil war. But this consideration perhaps even enhances the achievement of the corporate régime, in so far as the number of strikes has steadily decreased since 1926, although Italy has been affected ever since that year by economic depression. It may be undoubtedly that the working classes have never recovered from the industrial conflicts of the post-war period; and it is undoubtedly true that to-day the dice are heavily loaded against the success of any strike, but the fact remains that a country always addicted to the use of the strike weapon upon the smallest provocation of any nature has, in spite of depression, abandoned that weapon. Cases have indeed arisen of stoppages, chiefly on account of delays in the Labour Courts, but the penal provisions of the law have been rarely exercised. It may be said in illustration of the foregoing remarks that special penalties are incurred by strikes of a political complexion, but these have never been incurred.

The effect of the establishment of Labour Courts is that the Italian State adds an economic to its civil and criminal jurisdiction. The judges of the Labour Courts are directed, somewhat vaguely perhaps, to consider, in the interpretation of collective contracts, the interests of public utility and of production.² Undoubtedly so general a charge leads to a dangerous latitude of discretion, but there is nothing to show that it has led to a perversion of justice at the expense of either class. In fact, however, the majority of disputes have been settled out of court by the associations concerned.

The Labour Courts are a source of great pride to Fascist writers who argue that in this matter Italy has set a headline to the world. They claim that such an example must inevitably be followed by

¹ *Compendio Statistico Italiano*, 1933, pp. 155.

² "When the magistrate of the Labour Court is called upon to interpret collective contracts, he must follow the principles of the new legislation and always take into careful consideration the interests of public utility and of production in general, rather than follow the principles by which he would be guided in applying the law to the relations between private individuals."

Pitigliani: *The Italian Corporative State*.

all other countries in as much as the strike, apart from its embittering effect in stirring up class warfare; is as antiquated a mode of settling disputes as the duel and far more disastrous. One side or the other may win, though not always, but in the meantime the consumer pays the cost. Only under "the liberal state," which ignored the economic activities of its people, could the strike or the lock-out be allowed to survive. Until quite lately, when attention began to be drawn to the possibilities of the corporations, the establishment of industrial peace was hailed as the greatest achievement of the Corporate State. Nor was this claim unjustified. Apart from the striking reduction in the number of industrial disputes, it would appear as if the syndical organisation has succeeded to a great extent in its task of bringing employers and employed together.³ This has been all the more remarkable in view of the economic conditions in Italy during the last few years. Italy has suffered not only from the general depression but also from the effects of the stabilisation of the lira in 1927. The course of co-operation between Capital and Labour does not yet run smooth, but the institution of the syndicates and the Labour Courts, and often the personal intervention of Signor Mussolini, have done wonders to eradicate the belief that industrial warfare is inevitable.

Labour relations then are governed by a system of collective contracts drawn up by the organisations of employers and employees and binding on all represented by them. The contracts may be of greater or less validity according to the territorial jurisdiction of the organisations which conclude them. For example, a contract drawn up by an interprovincial federation will be of more extensive validity though of less precision than one drawn up by associations basing themselves upon a single city or district. The practice is that the national federations, which represent all the employers or employees, will conclude a specimen collective contract which possesses the main features which will be copied and extended to meet local requirements in matters of detail by the various local federations subject to their authority.

Under the law of April 3, a collective contract must make provision for the following points: the discipline of Labour (i.e., the ordinary factory rules); wages and nature of their payment; provision for the social insurance and benefit schemes.⁴

Wages are fixed, according to Article 13 of the Labour Charter, with regard to "the normal demands of living, the possibilities of production and the yield from labour." These criteria are interpreted by the State, through the Ministry of Corporations, by means of various statistics and other information which are circulated to the organisations concluding collective contracts. By this means an attempt can be made to maintain a close correspondence between the cost of living and wages rates. From the point of view of production, which the Corporate State has taken as its chief aim, it is obvious that this flexibility is most beneficial

³ In this matter I rely not so much on personal observation as on the statements of foreigners who have lived for some time in Italy.

⁴ Cf. Article 4 of the Labour Charter: "The collective contract gives expression to the common interest of the various factors of production by reconciling the conflicting interests of employers and employees and subordinating them to the higher interests of production."

and, perhaps, also most necessary in view of the deflationary policy followed by Italy since the stabilisation of the lira in 1927. It follows also that wages will not be fixed in any one industry by the conditions prevailing in that industry but that they will be influenced by the general trend of national economy as a whole. It is obvious that this fact would go far towards rendering easier the adoption of a planned economy.

The following figures⁵ showing the course of wages since 1930 may be found of interest for comparison. It is fair to remember that Italy has pursued a policy of deflation for the last seven years and that her trade has been severely affected by the depression.

Wages in Industry and Agriculture (1930=100).

	Industry	Agriculture
1931	90.5	87.25
1932	87.0	79.19
Sept., 1933	87.0	77.85

It would seem probable that the insistence upon the supreme importance of production is liable to bear upon the employees rather than upon their employers. In other countries Labour can and does refuse to produce at a certain wage and will not do so, if at all, until it has tried the fortunes of industrial war. The Italian workman is brought up at once against the necessity of production.

The collective contracts must also make provision for the manner in which wages are to be paid, the remuneration for overtime, the amount of the compensation for dismissal without fault of the workers, and in regard to the weekly and annual holidays to which workers are entitled. Finally it must fix the amount of the contribution to be paid by the employers and employees towards the various schemes of social and industrial insurance.

The Organisation.

We now turn to the syndical organisation set up by the law of April 3. Its structure is difficult to follow, since a great degree of flexibility is not only allowed but encouraged. Let us begin at the first cell, the local syndicate. This may be organised amongst the workers or employers in a given trade or occupation within a certain area—a town or parish, let us say. To be recognised the syndicate so formed must fulfil the condition that it includes in its membership at least 10 per cent. of the employers or employed engaged in the particular trade in the area covered by the syndicate. It must further show that its object is to protect the economic and social interests of its members and to give them technical, moral, and political instruction. Finally the officers must give a guarantee of capacity, morality, and loyalty to the principles of Fascism. Not the least interesting of these conditions are those relating to non-economic matters. Once the syndicate is recognised and admitted into the Federation of which it should form part it will be the sole organ of the employers or employees for that area.

This parish or town syndicate will now be linked up with whatever associations of higher grade exist. In the first place it

⁵ *Compendio Statistico Italiano*, 1933, p. 167.

will be linked up with a federation of the employers' or employees' syndicates for that province or for several provinces. These federations may be organised for one or more provinces and differ widely in territorial scope, depending generally upon the necessities of the case and upon what best suits local conditions and, probably, prejudices. These federations in turn are gathered into one national federation of all the syndicates of employers or of employees engaged in the given occupation in the country. This again is placed in its appropriate place under one of the nine confederations of the major branches of production.⁶ In these nine confederations the syndical organisation reaches its highest point.

It is the constant aim of the Ministry for the Corporations to simplify this organisation as much as possible, to abolish redundant offices, and to co-ordinate activities as much as possible. It will be readily understood that the hierarchical organisation outlined above would tend to become both expensive and inefficient if deprived of constant supervision. Only this year a drastic reorganisation has been effected whereby the confederations have been reduced in number from thirteen to nine and the number of syndical organisations legally recognised from 1798 to 1201. It is, however, equally the policy of the Administration to preserve as far as possible the autonomy of the local syndicates and federations and to prevent their suffocation by the bureaucracy of the higher associations. The organisation tends to become more and more symmetrical, preserving at the same time its essential elasticity.

It should be noticed that these syndicates are composed of employers only or of employees only. The old Fascist corporations attempted the task of bringing the two classes together in one organisation but it was found to be impossible. The creators of the Corporate State frankly admit that whatever may be the philosophic truth of the identity of the interests of Capital and Labour, it is liable to prove very untrue in matters of such importance as wages and factory discipline. Therefore the syndicates, which deal with the more immediate problems of industrial relations, are not "mixed," and the two classes are brought together only in the corporations. Intersyndical committees are however often set up as standing councils for the regulation of local economic life in given districts. Any worker or employer may join these syndicates. He is, indeed, free to stand outside them if he should so wish, but it will be seen that in several matters the position of a member is considerably stronger than that of a non-member. It should be said that the syndicate represents all workers or all employers whether members or not. The non-member will be equally bound by the collective contract although an employer will always be permitted the freedom to pay higher wages than those stipulated in the contract. But if the employer is a member of the local syndicate, he will have a voice in the conclusion of contracts and in the arrangement of many matters not less important. If the worker is a member he will not indeed enjoy any greater benefits from the assistance and insurance funds than the non-member but he will have a priority in obtaining work—as important a matter in Italy as in any other country. Obviously it is much better to be inside than to be outside the syndicate.

⁶ *Vide* Appendix A.

In order to join, however, it is necessary to fulfil three conditions: to be of age; to be of good moral character; and to possess sound national and political principles (not necessarily to be a member of the Fascist Party). The conditions are somewhat wide and one imagines that, if an intention existed to keep the syndicates as the monopoly of a few, any applicant could be rejected upon either of the last two grounds. A rejected applicant may appeal to the Minister for the Corporations. It should be said that the policy of the Administration has been to attract into these syndicates as many of the working class as possible and to foster in them a corporative spirit. This policy has, so far as one can observe, prevented any attempt to keep the syndicates as monopolies and persons who are not members, or even supporters of the Fascist Party, are admitted to them. At the same time, the survivors of the Socialist Party have been urged by their leaders to enter and to co-operate on the ground that "those who are absent lose the right to complain."⁷ One must observe, however, that in any syndical organisation which possesses public privileges there must always be a tendency to close the door to newcomers and that in Italy this tendency is held in check principally by an external cause—the political policy of the Government.

The offices in the various syndical bodies are filled by election. It should be noted, however, that in the national federations and confederations (which are the only bodies to be legally recognised and to enjoy any measure of economic power) the elections must be ratified by the Minister for the Corporations.

The Powers of the Organisations.

We must now turn to the powers of the syndical organisations. They have the power, or rather the duty, to conclude collective contracts. As has been said, these are binding upon all those represented by the particular syndicates and in certain cases the syndicates are liable in damages for breach of contract. They have also the function of revising these contracts from time to time; and to make all possible efforts to reconcile industrial disputes. By this means it has hoped that rigidity of the economic structure will be avoided. They control the labour exchanges and by this means control the mobility of labour. They have, in fact, assisted materially in the transference of skilled labour from one part of the country to others and in the resettlement of agricultural labour in the less populated districts of Italy. Besides these primary duties, the syndicates must provide for insurance schemes against industrial accidents, sickness, occupational diseases, death, and for benefit schemes for marriage and maternity and for all the other devices by which the Italian birthrate may be maintained. They have many other fields of activity such as the technical instruction of their members, the supervision of apprenticeship, and the provision of endowments for young workers. They must also contribute to the national institutions such as the *Dopolavoro*, the *Opera Nazionale Balilla*, the *Opera Nazionale per la Maternità ed Infanzia*, and the *Patronato Nazionale*. In short, they supervise the administration of all those social services introduced by the Fascist Government. To defray these expenses they levy a contribution from all members or non-members represented by them. The

⁷ *Il Lavoro*, 11th May, 1934.

amount of the contribution varies from one Federation to another, but it would appear that it is higher in the employers' syndicates than in the employees'.

From this account of the activities of the syndical organisations it will be clear that they enjoy the status and powers of public bodies. Besides the collective contracts they must supervise the administration of schemes of social and industrial insurance which in other countries are directed by the State. Since these schemes are for the benefit of all citizens the syndicate must aid all persons entitled to benefit under them whether members or non-members. A still more striking proof of their public status is the right enjoyed by the Confederations to nominate members to the Chamber of Deputies. The syndicate thus participates in the economic and the political administration of Italy under the control and guidance of the Regime.

As Signor Mussolini has said: "The recognition of the syndicate as an organ of public law is the great novelty of the Fascist Revolution; here is its originality. The syndicate is an organ of public law; the syndicate is no longer outside the State nor against the State, but in the State, recognised by the State and as such possessing the right to represent its category."

Most important of all, perhaps, is the psychological effect of their public status. It, together with the parallel propaganda of the Fascist Party, generates a feeling that even the lowest occupations are of national importance and that every worker is, by his labour, serving the country, increasing its prosperity and strengthening its resources. Another aspect was noted by Signor Pirelli in a speech made before the National Council of the Corporations claiming that "the political and social importance of the reform consists in the fact that it will give to all the categories of production, to individuals as well as to the masses, the lively sensation of sharing in the government of the economic life of the nation." In this way the Corporate State attracts to itself and uses for its ends all the latent influence and power of a trade union which in other countries would devote itself to the defence of the immediate interests of its members. In Italy the Federation, be it of the employers or of the employees, may, indeed must, concern itself not only with immediate but with ultimate ends, and with the general economic trend, while it has far greater power than any trade union over the conditions of labour, the placing of men, and the mobility of labour. Finally it carries on social work to an extent unknown in any other country.

National Council of Corporations.

The second stage in the corporate reform was reached with the law of March 20th, 1930, which provided for the establishment of a National Council of the Corporations. Such a body had already been created in July, 1926, but as Signor Bottai, then Minister for the Corporations, remarked, it had never been more than a consultative body. The new Council, as Signor Mussolini told it at its first meeting³ was "to be in the Italian economy that which the general staff was to an army; the brain which co-ordinates and prepares." It is composed of representatives, in equal

³ Speech to C.N.C., 21st April, 1930.

numbers, of the Confederations with the Ministers of the Interior and of Agriculture, while other Ministers attend if necessary. There are also representatives of the Fascist Party. It meets under the presidency of the Minister for the Corporations.

The functions of the Council are advisory and normative. Its advice must be asked by the Confederations upon the following subjects:—the grant of, or withdrawal of, recognition from a syndical organisation; the recognition of other national confederations or corporations; in cases of the exclusion of a lower grade association from one of a higher grade; and in the matter of scientific and popular instruction in corporative principles. Its advice may always be obtained, as much by the Government as by the syndical associations, upon all other matters pertaining to the organisation such as drafts of laws for the regulation of production, the guard of their interests by syndicates and their social work and questions relative to the placing of occupations in the syndical organisation. Its advice must also be asked upon the conclusion of commercial treaties and on the imposition of tariffs. In short, its activities extend over the whole field of the syndical organisation. For example, the design of the recent law setting up the category corporations was fashioned by the Council and it also carried through the recent revision of the syndicates.

The Council have also normative powers in the following matters:—the co-ordination of the social activities of the various federations and confederations; the co-ordination of the terms of the collective contracts; and the regulation of economic relations between the various categories of production. Such powers are all the wider for being undefined.

However, its essential function will be clear. While it is the task of the syndicates to provide for the conditions of work and for the observance of the collective contracts; while it is the task of the corporation to bring employers and employed together; it is the aim of the Council to direct the economy of the country and to watch over its development. The Council in short is the body to which the function of economic planning is entrusted. Thus the Council, as was noted in the Ministerial Report upon it to the Chamber, is not corporative in the primary sense of the word but rather super-corporative in so far as its object is to secure the co-ordination of all categories of production.

It is a source of great pride to Fascist writers that Italy has been the first nation to institute an Economic Chamber which has legislative power. Signor Bottai, speaking to the Chamber, said: "These others (the French and German Economic Councils) have not public representative functions; they are not in the State but rather its guests. Thus it is relevant to repeat that our Régime, slandered by malevolent interpretations abroad or by superficial judgments at home as a non-representative régime, is the most representative régime in the world to-day."

Too much should not be read into this passage. It is undoubtedly true that every effort is made to make the syndical organisation as representative as possible. It has been noted that it is the policy of the administration to induce as many workers as possible to join the syndicates and statistics show⁹ that this policy has attained

⁹ Appendix B.

a high degree of success. Obviously any other policy would result in the transformation of the syndicates into the privileged monopoly of a few, a consummation very far indeed from the ideals of the Head of the Italian Government. Similarly, and for the same reasons, the members of the Corporations, who discharge State duties and who are nominated by the Government, are selected, as far as possible, upon representative lines. But it should not be forgotten in dealing with any aspect of the Corporate State that it is based upon a political dictatorship. This dictatorship may indeed, and does in fact, command the support of the vast majority of the people, but nevertheless it is under the necessity of using the same weapons of defence as any other dictatorship. Therefore there is fixed a very well-marked line beyond which the principle of representation will not be carried. Persons who accept the Corporate State and are prepared to work for its success even if neither members nor even supporters of the Fascist Party will always be allowed to play a full part in the working of the organisation. Equally, persons who are completely opposed to it will not. Hence the existence of those qualifications for membership which have been already noticed. This point is noticed because some English writers upon the Corporate State have considered that its trend is towards some type of industrial democracy. That is true so far as the Italian Government would prefer to govern, and to a considerable degree do govern, by consent rather than by force. But it has no faith in democracy as we understand it nor in elective representative institutions. Nor, it should be said, has it ever claimed to have.

Two other matters remain to be noted. It is the intention of the head of the Government, announced by him at a meeting of the Council held last November, that the Chamber of Deputies as at present constituted should be abolished and replaced by a body corresponding in its form of composition to the present Council and representative of all branches of the National production. The new Chamber, elected last March, is to discharge the task of drawing the constitution of its successor. Secondly, the work of the Council proved so successful and fruitful that a decree of January, 1931, set up the seven general Corporations¹⁰ composed of representatives from the General Confederations of employers and employes. It is a common impression that no Corporations were set up until the spring of this year. The new Corporations, however, are set up for specified branches of production and are known as category corporations. The corporations set up in 1931 are representative of the main branches of production, taking the word in its widest connotation, and co-ordinate the activities of the category corporations. They have necessarily a far wider, if less easily summarised, function than the category corporations which are engaged with the problems of their own trade.

At this stage, before going on to the latest law of February, 1934, which has set up the category corporations and completed the facade of the Corporate State, it may be as well to give a definition of what the corporations mean in Italy. A definition may be quoted which has been given by Signor Biagi, the present Under Secretary of State for the Corporations: "In the conception of the law, the Corporation is not a 'mixed' syndicate, nor a super-

¹⁰ Appendix C.

syndicate . . . but an organ of the State. As such, it has no individuality or autonomy of an autarchic nature and is joined to the structure of the public administration in the same way as any other organ of the State. The Corporation identifies itself with the State as the part identifies itself with the whole. It does not act in virtue of any delegation of powers to it by the State but represents the State with a determined amount of powers." Thus the Corporation is sharply differentiated from the syndicates. The syndicates are composed of employers or of employees; the Corporation is composed of a number of both classes. The syndicates are formed by individuals and enjoy certain powers which have been delegated to them by the State; the Corporations are called into being by the State, are part of the administration of the State and discharge only such functions as are delegated to them by the State. The syndicate has judicial personality; it can sue and be sued; the Corporation has no such legal personality. The syndicate is an association of one class or the other, coming together freely and enjoying recognition upon the fulfilment of certain conditions: the Corporation is not an association but a Council. There is the same sharp difference in the functions of the syndicate and of the Corporation. The former, as has been seen, concerns itself with the questions of labour, of wages, of conditions under which labour is to be carried on, of unemployment offices, and with the supervision of the various schemes of social assistance. The Corporation, on the other hand, has for its objectives, the bringing together of employers and employed into one organisation where they may work for the common good and so forget the conception, so popular in Italy as elsewhere, of the inevitability of the class war. Further, they are to represent the interests of their particular branch of production against the claims of other branches. They have also to discharge the function of planning ahead for the needs of their industry, of supervising its development and, in short, of carrying into effect a measure of economic planning.

Law of 5th February, 1934.

We may now approach the latest law of 5th February, 1934, which has completed the cycle of corporative legislation. It will be seen from the list of corporations given in Appendix D that 22 Category Corporations have been set up, which between them cover the entire field of production. As has been said, the general Corporations first drafted their suggestions as to the principles to be followed in setting them up. These suggestions were then considered at a meeting of the National Council of the Corporations held in November, 1933. It may be noted that a diversity of opinion prevailed regarding the form of composition of the new corporations. Some held that they should be set up solely according to their category. Thus there would be one corporation of furniture makers, for example, and another of timber workers and a third of forestry. The other school of opinion held that the corporations would be set up on the basis of the productive cycle. Thus, in the example given above, there would be simply the one corporation, which would contain representatives of all the interests in the timber trade, from the planting of the trees to the sellers of the finished article of furniture. In support of this plan it was urged that it would be impossible to set up corporations for each

and every trade and occupation. If such a plan were adopted the number of corporations would be so great and their economic importance, in many cases so small, that the whole scheme would be made unworkable. This reasoning prevailed and the new Corporations are set up on the basis of the productive cycle.

This arrangement however cannot escape from criticism upon some counts. In the first place, it must inevitably entail the placing together in the same corporation of many interests whose aims and necessities are fundamentally different. It can, of course, be said, on the other hand, that it is precisely the function of the corporation to reconcile these divergent interests but nevertheless their existence can hardly contribute to the smooth running of the organisation. Again there is the danger, which indeed is almost inevitable, that this regimentation of interests may facilitate the growth of a type of selfishness upon the part of the category, replacing the selfishness of the individual. This danger is latent in any form of corporative organisation and in Italy it may be kept in check by the fact that all corporations are under the control of the Government.

The functions of these Corporations are in the first place consultative upon all these questions which interest that branch of production for which it is constituted. Upon certain matters, to be defined by the Ministry for the Corporations, it will be obligatory to ask its advice. Secondly, each Corporation is to set up a special college for the conciliation of labour disputes. Such colleges are to be constituted from time to time according to the nature of the dispute. Further, they have normative powers over the regulation of labour relations and, more important still, over the regulation of production. They have also some measure of power to fix prices. All their decisions become power by decree of the Minister after having received the assent of the National Council of the Corporations. Thus they are as fully legislative bodies, in their own sphere, as is Parliament. The sole difference is that the Councils are nominated bodies while the Chamber of Deputies is, in name at least, an elective body. During the summer the decrees setting up these Corporations have appeared.

The Corporate State in Practice.

This concludes the review of the organisation of the Corporate State. There are, however, some points in its practice upon which there appears to be a certain amount of uncertainty outside Italy and it may be as well to allude, even briefly, to them in conclusion. In the first place it should be said at once that neither in its theory nor in its practice is there any interference with private property. Private property is implicitly guaranteed by the Labour Charter and it will be seen that there is nothing in the nature of the corporative organisation inimical to its continued existence. There is, however, a certain school of thought in Italy headed by Professor Ugo Spirito⁴¹ which holds that the principles embodied in the Charter are not immutable and that with the spread of the "Corporative conscience" the way will be cleared for the proprietary corporation. The point, and the philosophy which underlies it, is however of merely academic interest, though from that view-

⁴¹ Compare his book: *I Fondamenti dell' Economia Corporativa*, Milan, 1932.

point intensely interesting. It is sufficient to quote the words of Signor Mussolini, speaking as recently as last January,¹² "The corporative economy respects the principle of private property. Private property completes the human personality; it is a right; and if it is a right it is also a duty." The passage closes with a warning that property must be used for the interests of the nation, but it is noticeable that government policies such as land reclamation have been carried on with a regard for the rights rather than for the duties of property. The question, however, is of the political rather than the economic order and it would seem to be doubtful in the extreme that any attack upon the principle of private property would be made by the present Régime.

Neither should it be too lightly assumed that corporate autonomy will necessarily lead the country to a policy of economic autarchy. The danger undoubtedly exists that when interests are so highly organised, they will attempt to make their position as secure as possible not only against internal but also external competition. Such a tendency would appear to be inherent in any system in which production is so closely knit as is the Italian. In the case of protection, however, the administration acts as a brake upon the tendencies of the organisation. It may be of interest to recall Signor Mussolini's words upon the question of protection:¹³ "In my opinion the drawback to protection is this: that it would lead to a state of mind of cowardice. . . . Therefore not complete protection which would lead to a closed economy with deplorable and fatal results. Not absolute liberalism which, opening our frontiers to all the products of beyond the Alps and beyond the seas would put us for a long time, at least, in a condition of absolute inferiority and misery." The Duce has on several occasions recalled that there is one important element of economic life which cannot be represented in the syndical or corporative organisation: the consumer. He has taken as his special function the task of representing the consumer; and that task must in the nature of things always devolve upon the Government. It has been made clear that the syndical organisations cannot freely embark upon a policy of protection of their immediate interests at the expense of the community.

It will be seen that the corporative organisation is particularly fitted for the task of guiding and controlling production. From this some (notably Professor Spirito¹⁴) have been led to argue that the day of free enterprise is over. In the future, it is argued, the corporations will carry on trade; not their members, who will have lost all right or power of economic initiative. It is probably unnecessary to recall that Article 7 of the Labour Charter expressly declares that "The Corporate State regards private enterprise in the field of production as the most useful and efficient instrument for furthering the interests of the nation." Similarly, Signor Mussolini has recently declared¹⁵ that "The Corporate State respects the principle of private enterprise." But it must be added that if we read on in the Charter or in the speech we meet a warning that enterprise must follow the best interests of the State and

¹² Speech to the Senate, 13th January, 1934.

¹³ Speech to C.N.C., 13th November, 1931.

¹⁴ *Op. cit.*

¹⁵ Speech to Senate, 13th January, 1934.

that it is responsible to the State for its general policy of production. It is here that we encounter the great uncertainty of the Corporate State: how far can it reconcile a highly organised economy with the freedom of enterprise.

Time alone can answer this question. The practice of the last few years cannot give us any clue for in Italy as elsewhere the last five years have not been favourable to private enterprise. It would appear, however, that the corporative organisation will from its very nature act as a brake upon uncontrolled enterprise. The powers which have been given to the National Council of the Corporations to control production undoubtedly foreshadow the adoption of a planned economy. Beside this one must remember that the whole spirit of the corporative reform is against individualism. In its theory production is carried on rather by categories than by individuals. The individual is sharply reminded of his duty to the community. Thus it would seem that the individual will tend to be absorbed in the corporation with a consequent danger of a loss of elasticity and resiliency in the economic structure.

This, indeed, would appear to be the chief weakness of the corporative organisation. The syndical organisations have been given positions of public privilege and monopoly and it is always possible that with the passage of time they may concern themselves rather with their rights than with their duties and sink into that condition of economic inertia to which the medieval guilds declined. There are, however, bulwarks against this danger. In the first place as long as the Fascist Revolution can be kept alive it will act as a potent check upon any tendency of the associations to abuse their position. This, perhaps, is a matter on which no outsider can form an opinion, but one can say that in the daily life of Italy one meets modes of thinking and acting which suggest forcibly that the ideas of the Revolution are still alive and very far from decline. Indeed, many speeches and measures, which may sound violent and unnecessary, are for that very reason signs that national feeling is still pitched in the same high key as in 1922. It has been the special policy of the Italian Government, and of its head, to keep this feeling alive and one cannot pass much time there without concluding that they have been successful. It is here that we come to the second defence against decline, that is the Government. Its attitude is of especial importance since it is the only body, in all this highly organised economy, to represent the consumer. It is the only body which can restrain sectional selfishness and, being a dictatorship, it can do so all the more readily and forcibly. It may well be that the organisation of the Italian corporate state would have been impossible without a dictatorship, and it is certainly true that it owes a great deal to the personality of the dictator. But it cannot be denied that the inherent weakness of any dictatorship is its tendency to decline. It may be that with the passage of time that it will lose its revolutionary fervour and may so allow the rise of sectional interests. Since the system is based upon a dictatorship it may decay with that dictatorship and lose its ideals and its aims. But before that happens the spirit of the Revolution and the reorganisation must have declined and disappeared and been forgotten.

APPENDIX A.

National Confederations with numbers of associations adhering to them:—

National Confederation of	No. of associations adhering.
1. Farmers	4
2. Agricultural labourers...	4
3. Industrial employers	45
4. Industrial employees	20
5. Traders	37
6. Employees in commerce	5
7. Institutions of banking and credit	13
8. Employees in institutions of insurance and credit...	4
9. Those engaged in professions or in art	1052

Four other Confederations were set up by the law of April, 1926, and abolished by decree of 16th August, 1934, viz:—

- The National Fascist Confederation of Internal Communications.
- The National Fascist Confederation of Sea and Air Transport.
- The National Fascist Confederation of Fascist Syndicates of Land Transport and Internal Communication Workers.
- The National Confederation of Fascist Syndicates of Seamen and Airmen.

APPENDIX C.

Numbers of members and of those represented by the Confederations of Employers and Employees on December 31st, 1933:—

Employers.	No. Represented.	Members.
Confed. of Agriculture	2,742,764	662,692
Industry	119,849	69,343
Commerce	722,969	385,483
Internal Communications	30,172	12,994
Sea and Air Transport	3,838	1,782
Credit and Insurance	11,436	5,542
Employees.		
Confed. of Agriculture	2,815,778	1,926,931
Industry	2,994,961	1,813,463
Commerce	565,502	368,175
Internal Communications	310,507	201,873
Sea and Air Transport	124,600	24,539
Banking and Credit	48,593	34,791

APPENDIX B.

The following seven General Corporations were set up by Royal Decree of January, 1931. They are composed, except in the case of the last named, of representatives of the employers and employees in equal numbers:—

1. The Corporation of Agriculture.
2. The Corporation of Industry.
3. The Corporation of Commerce.
4. The Corporation of Transport and Internal Navigation.
5. The Corporation of Sea and Air Transport.
6. The Corporation of Credit and Insurance.
7. The Corporation of Professional Men and Artists.

APPENDIX D.

THE NEW CATEGORY CORPORATIONS AND THEIR COMPOSITION.

NAME	NUMBER OF REPRESENTATIVES OF				
	Employers	Workers	Technical Advisers	Fascist Party	Total
1. Cereals	13	13	3	3	32
2. Horticulture, Flowers, Fruit	13	13	3	3	32
3. Vines, Wine	13	13	3	3	32
4. Oils	9	9	2	3	23
5. Beets and Sugar	5	5	2	3	15
6. Zootechnics and Fisheseries	18	18	3	3	42
7. Wool	11	11	4	3	29
8. Metallurgy and Engineering	28	28	4	3	63
9. Textiles	21	21	4	3	49
10. Chemicals	27	27	3	3	60
11. Clothing	20	20	3	3	46
12. Paper and Printing... ..	10	10	5	3	28
13. Building and Public Works	9	9	5	3	26
14. Water, Gas, Electri- city	7	7	2	3	19
15. Mining	10	10	2	3	25
16. Glass and Ceramics	11	11	3	3	28
17. Insurance and Credit :					
Banks	—	—	17	}	46
Savings Banks	—	—	15		
Insurance	—	—	11		
18. Profession and Arts :					
Legal Section	—	—	8	}	36
Medical Section	—	—	6		
Technical Section	—	—	7		
Arts Section	1	1	10		
19. Internal Communica- tions .					
(i.) Trams, Internal Navigation	7	7	—	}	40
(ii.) Autonomous Transport	5	5	—		
(iii.) Auxiliary Traffic	4	4	1		
(iv.) Radio Telegraphs	2	2	—		
20. Theatre	8	8	8	3	27
21. Tourist Industry	7	7	2	3	19
22. Sea and Air	9	9	1	3	22

DISCUSSION ON MR. MEENAN'S PAPER.

Following are résumés of the observations of some of the speakers to Mr. Meenan's paper:—

Professor Duncan, in proposing the vote of thanks said that fundamental distinctions between the Italian "corporative system" and any other "totalitarian" dictatorship are hard to discover. Their philosophy of unqualified absorption of the individual in the State, and of the dependence of the validity of all private associations upon its *fiat*, must be repellent to civilised adults. Economically, the preoccupation with the interests of "producers" puts the cart before the horse. Against the risks of exploitation by privileged institutions and of inter-category competition (the more serious because its object will be not the favour of the consumer but the favours of the Government), the Government's action, as representative of the consumer, is likely to be a feeble and unreliable defence, and probably even more susceptible to "log-rolling" if it be of a democratic form instead of an independently-minded dictator. It is difficult to reconcile the concern expressed by Fascist spokesmen for the preservation of private property and freedom of enterprise with the powers of the corporations to limit the latter, and the emphasised obligation to use the former, "in the interests of the nation," of which the irresponsible politician constitutes himself sole judge.

Seconding the vote of thanks, **Mr. D. P. Gallagher** complimented the lecturer on the clear exposition which he had given in his paper of the philosophy and history of Italian Fascism, with details of its organisation and his own first-hand and unbiassed observations on its operation. On the question of the relative merits of either Fascism or Communism as solutions for the admitted dislocation of existing economic and political systems there would seem to be little to choose. Either must necessarily involve in its operation, in some degree or another, the principles of compulsion and dictatorship, and on that account neither would be likely to commend itself to the acceptance of any appreciable element of public opinion in this country. Alluding to the present world outlook, Mr. Gallagher thought this could be traced to the operation during the last two centuries, without any machinery or even idea of regulation or control, of the laissez-faire principle in economics, under which industry, trade and commerce, money and finance, instead of ministering to the wants of humanity threatened through the uncontrolled selfishness of individuals and groups in a mad struggle for profit making, to become its masters. There is universal and increasing public unrest, with an increasing disposition to question and challenge principles and practices hitherto accepted as unquestionable and fundamental. Our own country, though from causes of which we are well aware, historical and economical, not so badly affected up to this as most others, cannot hope permanently to escape all the percussions of the universal disturbance, and the question presents itself whether anything should or can be done. In this connection it would be interesting to refer to papers read before this Society in the Session of 1928-9 dealing with the establishment and working of a new system of State Economic Councils in Germany and France, and with a suggested infusion into our own Legislature of direct representation for all vocational or other specific interests (labour included), side by side with representation of the general public on the same lines and franchise as at present. It was claimed for this plan that without any suggestion of dictatorship, compulsion, or undue governmental interference with private enterprise and business, or any disturbance to the existing political system, to the relations between labour and capital, or to the established administrative machinery of the State, the Legislature would be equipped within itself, with full representation for every interest

that mattered in the community, to deal fully and finally with the reconciliation and co-ordination of the economic and social interests of all sections of the population.

Senator Johnson said Mr. Meehan had precluded himself from answering the question whether or not the Italian corporative system depended for success upon the acceptance of dictatorship. The Italian system could be judged without regard to the influence of dictatorship which was evident in every aspect. Apart from the dictator there was no fundamental difference between the corporative system and the pre-war propaganda for Guild Socialism, the Continental Syndicalism or the American Industrial Unionists. In his Socialist days Signor Mussolini belonged to the Syndicalist school and the lessons taught there have not been forgotten by him. It was unwise to lay much stress on the comparative absence of industrial strikes since 1920. The great depression, low wages, widespread unemployment, not to speak of the heavy penalties inflicted upon strike leaders and strikers, all tended to reduce the number of strikes. Strikes were usually less frequent during periods of depression than in times of prosperity. And the report of the British Consulate published a few months ago show how deep the depression is in Italy. Since 1927 wages have fallen 25 to 40 per cent., against a decline in cost of living index of 16 per cent., whilst employment declined from 100 in September, 1926, to 66 in February, 1933. The economic reorganisation now proceeding in Italy was near enough to that of Russia as to suggest that when the inevitable revolution comes, it will result in Italy becoming the first Communist Republic.

Mr. Steer Wood: A good deal has been said, both in the paper and in the subsequent discussion, on the question of control in industry. This has taken the view that the only form of control other than employer, is that of some form of State control. I should like to give two or three illustrations of what has been done in other directions. A leading business man in America came to the decision that the control hitherto exercised needed dynamic change. Accordingly, it was decided after careful consideration to hand over the whole of the ordinary share capital to a group representing the workers and the customers. The other illustration is the case of a large textile company in the Southern States, where there was employer-worker co-operation. Here a union has initiated the employment of outside engineers and also raised the issue of adequate safeguards for the future demand of the product. These are two outstanding and perhaps unprecedented developments in industrial history. The significant thing about this experiment is that here there appears to be an organisation susceptible of use for many purposes, in which the organisation itself and the relationships between employer and employee spring naturally out of the work, out of the process, and out of the method.

The President, after congratulating Mr. Meenan on his paper, expressed doubt whether the actual experience of the Corporative system in Italy afforded any useful guidance for the solution of the great problem of reconciling the advantages of democracy with the requirements of economic progress. The working of the system appeared to be intimately dependent on the existence of the political dictatorship in the background. Wages in industrial employment in Italy had undergone a number of severe reductions and had in many cases fallen more steeply than the cost of living. The system had shown its efficiency in this and other respects as a means of enabling Italy to preserve by deflation the stability of the lira but it was questionable whether this efficiency would have been in evidence if there were no dictator.