

CHAPTER IV

THE CORPORATIVE SYSTEM

1. *The growth of corporative politics and legislation.*

Whether or not fascism will mark a genuine revolution in Italian government depends largely on its ability to put into practical operation the corporative institutions it has created, for there can be no doubt that a national economy administered by these institutions is a significant transformation of the state as well as of economics. Inasmuch as this new order is still in process of creation and its operation still in its infancy, this account of it may be antiquated almost as soon as it is published. The reader must therefore be attentive to subsequent events and not regard the structure here outlined as final. A brief account of the circumstances that have guided the formation of these institutions may serve to give an impression of the fluidity of the whole corporative movement. They may be regarded as the product of certain syndicalists' conversion to nationalism (leading to the formation of national syndicates) and of certain nationalists' conversion to syndicalism (leading to the formation of corporations). Fascism, failing to achieve an integration of these two currents, has maintained them parallel to each other, hoping ultimately to create a genuine synthesis. Of this gradual merging of nationalistic syndicalism and syndicalistic nationalism we must now give a brief outline.

The chief fascist champion of national syndicalism has been Edmondo Rossoni, now Senator and Minister of Agriculture and Forests. He tells of his conversion to nationalism as follows.

“In 1912 when I was organizing Italian workers in North America, far from my country, I felt that it is absolutely necessary to spread class nationalism, for we must defend not merely workers but Italians. . . . We who for many years have lived in foreign countries and in our long and bitter exile have learned to know and to live the life of an Italian removed from his native land, have begun to understand and feel how the fortunes of Italian workers are indissolubly bound to the fortunes of the Italian nation. . . . We have seen our workers exploited and held in contempt not only by capitalists but even by their revolutionary comrades of other countries. Hence we know by experience that internationalism is but a fiction and hypocrisy. Therefore we must above all work for our country and love our country.”¹

After the collapse of the so-called Red Revolution in the fall of 1920, which left the industrial workers in a bad state of disorganization, patriotic syndicates began to grow rapidly. Despairing of the efficacy of communist leadership, revolutionists of all classes flocked into them. In agriculture, where the distinction between employer and employee is less clear, Rossoni even succeeded in organizing “mixed” syndicates, in which small proprietors and peasants belonged to the same syndicate. As a result of these moves the *Unione federale italiana delle Corporazioni* was formed. The name of this consolidated organization, whose secretary Rossoni became, was later changed

¹ Rossoni, *Le idee della ricostruzione* (Florence, 1923), pp. 10, 56, 59.

to the *Confederazione delle Corporazioni sindacali fasciste*, and after the March on Rome it became an integral part of the Fascist Regime.

While these developments were transpiring in the labor field, another series of events suddenly added prestige to the syndicates. D'Annunzio and his band had taken Fiume and had published his constitution for the Fiume district, the *Carta della Reggenza italiana del Carnaro*. This famous document outlined a system of ten "corporations" into which all the citizens of the state were to be organized. The effect of this document on Italian syndicalism can easily be imagined. Nationalism and syndicalism soon joined hands in corporationism.

Meanwhile opposition kept pouring in upon fascist syndicalism from the right wing of the Party. De Stefani, Minister of Finance during the crisis of 1924 and an economical kind of economist, was opposed to it. Many agriculturalists, though they had been Rossoni's mainstay throughout the fight on the red leagues, became suspicious when they saw the old labor tactics creeping in under new colors. While such views were being expressed by agriculturalists, the industrialists had also let their attitude be known. The Confederation of Industry, which represented industrial employers and which had quietly become the General Fascist Confederation of Industry, proved even more unbending towards the Rossoni corporations than was the Confederation of Agriculture. It insisted that the corporations would have to be "de-integralized" and the syndicates could not be "mixed." Rossoni was reminded that he had been told once before that he and his confederations would not be allowed to have a monopoly over the political organization of Italian economic life. And before Parliament had a chance to take up the pro-

posed constitutional reform, the Confederation of Industry forced a compromise.

The outcome of this compromise was the Law of April 3, 1926, entitled "The Legal Discipline of Collective Labor Relations," which marks the beginning of the fascist corporative legislation. This law consists of twenty-three articles divided into three parts. In the first part, both the confederations of fascist labor syndicates and the confederations of fascist employers are legally recognized and their collective contracts are made binding; in the second, compulsory labor tribunals are established; and in the third, strikes and lockouts are prohibited. Employers and employees were now compelled to abide by collective agreements, but this law did not establish any political machinery for compelling the cooperation of the two rival sets of confederations,² a cooperation which was obviously lacking in practice though assumed in corporative philosophy.

This situation led to the Decree of July 1, 1926 entitled "Rules and Regulations," which established a Ministry of Corporations and entrusted it with forming "central administrative organs of coordination" to be known as corporations.

Mussolini, in line with his general policy, made himself Minister of Corporations. This immediately gave "corporatism" immense popularity and prestige. However, Mussolini had already told the Grand Council in very strong

² The law mentioned the possibility of having only two confederations, one for employers and one for employees. Rossoni already had a single, powerful workers confederation and hoped that by permitting employers a similar organization he could keep it intact. The Confederations of Industry, Agriculture, and others, however, were traditionally too independent to consolidate, and finally in 1928 Rossoni was obliged to split his confederation into several, paralleling the employers organizations.

language that he would not stand for an elaborate bureaucracy of politicians in the Ministry, that he proposed to establish corporations only when and where there was a definite call for them, and that he would put them under the direction of a few competent men, actively engaged in the business which was being corporated. As a result only a single corporation had been formally created by 1933, when the next great step in corporative legislation was made.

Meanwhile, April 21, 1927, the Labor Charter was published. It had been urged and largely designed by Rossoni in order to provide a definite legal basis on which the collective labor contracts and the labor tribunals could operate. Rossoni hoped for a code of labor law and published a legalistic draft on this basis, but this was too ambitious a program under the circumstances. The Charter confines itself largely to formulating general principles for labor contracts and tribunals, but as such the provisions of the Charter are significant.

The Charter contains thirty articles, grouped under four heads. The first ten, entitled "On the Corporate State and its Organization," are a summary exposition of the principles and chief provisions of the legislation which we have outlined above. Numbers 11 to 25 are concerned with "The Collective Labor Contract and Labor Guarantees." Here the collective contracts are explicitly made obligatory, and each such contract must contain precise regulations on all matters concerning labor. But in place of the minimum wage and eight-hour day provisions in Rossoni's draft the Charter merely lays down the general principle that no fixed rule whatsoever can be prescribed, that salaries must be regulated by fluctuations in the normal cost of living, in the general condition of production, and

in the returns of labor, that the consequences of financial and economic crises must be borne equally by all the factors of production, and that the responsibility for determining them is to be placed on the corporations and the labor tribunals, on the basis of data furnished by the Central Institute of Statistics and by the various syndical organizations. On the subjects of regulation of piecework production, night work, a weekly holiday, an annual paid vacation, dismissal, death and sickness benefits, military service, change of ownership, and such matters, the Charter is more definite. Articles 22 to 25 provide for compulsory government employment bureaus under the Ministry of Corporations. Articles 26 to 30 concern labor insurance, assistance, education, and apprenticeship. In general, the Charter is rightly and unanimously hailed by the fascist syndicalists as the embodiment of their reforms.

The development to this point was largely dictated by the labor problem and was intended to meet that problem along the lines of nationalistic syndicalism. Even the Ministry of Corporations was conceived primarily as an "organ of coordination" for the confederations of employers and employees. The ambitious ideas of corporatism as sponsored by the syndicalistic nationalists were still left without practical embodiment. In practice the fascist state was at this stage little more than an "interventionist" state from the point of view of national economy. Though the labor problem had been given a thoroughly fascist solution, the larger problem of national production had scarcely been touched systematically. There seemed to be a general hope, as there was in most other countries, that if business were let alone and freed from labor terrorism it would soon of its own initiative and resources return to prosperity.

These illusions were shattered during the years 1930-1933 by the increasing severity of the depression. One after another Italian industries, banks, and businesses came to the government for rescue, asking for subsidies, monopolies, protective duties, and, of course, for reduction of labor costs, until in 1934 Mussolini complained that three-fourths of the nation's business was resting on the shoulders of the government. In his address to the Senate, January 13, 1934, he said, "The intervention of the state is no longer cursed, it is solicited. The state *must* intervene? Certainly! But *how?*" Obviously a more systematic method of intervention was needed, and this situation led directly to the most recent phases of corporative reform. A beginning was made in March 1930, when the National Council of Corporations, already vaguely outlined in 1926, when the Ministry of Corporations had been decreed, was definitely established. It was composed not only of representatives from the syndical confederations, organized into seven sections corresponding to the confederations, but of experts, economists, and politicians, organized into commissions for the regulation of particular interests. It was under the presidency of the Minister of Corporations himself (Mussolini) and was to exercise not only advisory but regulatory powers. When all the sections and commissions were convened in general assembly, the National Council came to about one hundred and fifty members. The Council was to recommend the creation of corporations as need for them might arise, but the activities of the corporations were to be confined to making *voluntary* agreements among the associations represented, which agreements had no legal force unless passed by the Grand Council.

In spite of the intention to avoid merely bureaucratic

machinery, the Council thus organized proved to be little more than that. It was elaborate without being effective. It held sessions from October 1930 to the end of 1933, discussing the various problems submitted to it by the Minister of Corporations, but the practical and detailed work was being done by its special committees, or "corporations," and by the Central Corporative Committee. What was needed was a more definite organization of working units with power to regulate particular occupations and productive enterprises. In short, what was needed was permanently organized specific corporations, functioning both as organs of the state and as the "auto-discipline of production."

This culminating reform came with the Law of February 5, 1934, which established twenty-two corporations, for as many distinct occupations or businesses, each with its own council and each charged with the systematic regulation of its own productive process. When assembled these Corporative Councils, totaling eight hundred and twenty-three members, constitute the reformed National Council of Corporations. And this National Council is supposed soon to take the place of the Chamber of Deputies. When this takes place the state will have become thoroughly corporative. To a more detailed analysis of this corporative structure and its present operation we now turn.

2. *The Ministry of Corporations.*

At the apex of the corporative hierarchy stands the Ministry of Corporations. Mussolini himself is its Minister, but much of the pioneer work in organizing it was done by his Under-Secretary from 1926 to 1932, Giuseppe Bottai, now Governor of the City of Rome. In 1929 this Ministry took over, in addition to its original task of administering

the fascist labor legislation, the work of the Ministry of National Economy. It therefore has the task, implied in the corporative idea, of exercising control over the whole economic life of the nation. (There is an exception in the case of agriculture, which still retains a separate Ministry. Though this Ministry of Agriculture and Forests is supposed to be restricted to land reclamation and other technical and scientific services, it also exercises jurisdiction over the general economic aspects of agriculture, especially now that Rossoni is the Minister.) To control the whole national economy is, of course, an impossible burden for any Ministry, at least at the present stage of corporative development, if taken literally. In practice, the work of the Ministry may be summarized under the following heads. (1) It inspects, approves, and legally recognizes the constitutions and officers of the syndical associations. Its recognition may be withdrawn from any association and it may dissolve the Directory of any association and appoint a commissioner for the purpose of supervising a reorganization. (2) It fixes the amounts and distribution of the compulsory syndical dues, by which the corporative institutions are supported. (3) It inspects and ratifies collective labor contracts and drafts labor legislation. (4) It intervenes directly as an arbitrator in collective labor controversies through its *Collegi di Conciliazione*. (5) It presides over the Council of each corporation, the Central Corporative Committee, and the National Council of Corporations and appoints some of their members. (6) It exercises supervision over unemployment, social insurance, the cooperatives, etc. (7) It carries on the traditional functions of the Ministries of Industry and Commerce, such as inspection of factories and mines, fuel research, patents and copyrights, commercial treaties, customs, weights and

measures, etc. (8) It brings informal political pressure to bear on business wherever governmental policy or economic distress demand it.

This Ministry is not as yet prepared to take the initiative in the general process of economic reorganization and is largely preoccupied either in the routine business of a bureau or in meeting particular crises as they are brought to its attention. A radical and effective governmental direction of the national economy may result from the practical functioning of the corporations. Meanwhile the Ministry has at least achieved its first task of drafting the legislation necessary for the realization of the corporative program.

The heart of the new corporative organism is the Central Corporative Committee of the Ministry of Corporations. At first its functions were limited to those of the Council of Corporations and its special sessions and commissions. When it became desirable to take speedy action in economic crises, instead of waiting for the sessions of the whole Council, a government decree (April 18, 1935) granted this Committee full powers, making its power to legislate in corporative matters analogous to the Ministry's power to make decrees. This Central Committee is composed as follows: (1) The Ministers of Corporations, Interior, Justice, Finance, Education, Public Works, Agriculture and Forests, and Communications; the Under-Secretaries of Corporations and any other Ministers or Under-Secretaries who may be serving as vice-presidents of corporations. (2) The Secretary, Vice-Secretary and Administrative Secretary of the Fascist Party, and any other members of the Party who may be acting as vice-presidents of corporations. (3) The Presidents of the nine syndical confederations and of the National Association of Coopera-

tives. (4) The General Secretary of the National Council of Corporations.

It will be seen at once that this body includes most of the members of the Government (the Cabinet), the heads of the Party, and of the syndicates. Naturally, therefore, since it represents the combined powers and highest officers of the Regime, it exercises the greatest authority and makes the final decisions.

3. *The syndical associations.*

There are three basic types of syndical associations: (1) Provincial and National Syndicates representing a single trade or occupation (*categoria*); these are called primary or unitary associations. (2) Provincial Unions and National Federations, embracing a number of primary syndicates regionally, either provincially, inter-provincially, or nationally; these are called secondary associations or "vertical" federations. (3) National Confederations, organizing "horizontally" the various national federations into five basic groups (industry, agriculture, commerce, credit, and professions).

The primary unit is, therefore, the provincial syndicate, which until recently was called the provincial group of (supposedly communal) syndicates. In reality there are practically no communal syndicates (with the exception of those for the liberal professions and arts). This paradoxical situation is not so strange as it may at first appear. On the whole the actual work of determining labor conditions is more effective when conducted on a provincial or inter-provincial basis. Local syndicates would have little bargaining power. The real danger in the syndical hierarchy was the suffocation of the provincial syndicates, or unitary associations representing a single trade (*categoria*), under

their federations and confederations. The corporative reform of 1934 tended to counteract this danger. In introducing this reform to the Chamber, February 5, 1934, Mussolini said very pointedly:

“The law of 1926 really erected its whole [syndical] system in terms of occupational categories and primary associations. The higher grades of associations [federations and confederations] were to be merely organs of coordination. . . . In practice, the system developed in the opposite direction: the syndicate, the elementary association, which should keep in intimate touch with its individual members, lost its importance little by little and tended to atrophy, while the higher grades of associations became continually stronger and more highly organized. But it was precisely the syndicate that embodied the revolutionary spirit, while the associations of higher rank were by nature clearly administrative and bureaucratic organs. Thus, as the occupational category lost vitality and the confederations became powerful, syndicalism lost its revolutionary temper and gained in bureaucratic solidity. Article 7 [of the present law] is a reaction against this tendency and it certainly will help to turn fascist syndicalism back to the defiant revolutionary spirit of its origins.”

The reform of 1934 nevertheless provided that only national organizations could receive legal recognition to exercise public authority. This meant that hundreds of provincial federations (now called provincial unions) had to be reorganized as branches of the national federations on which they became dependent for their financial resources. Though the great majority of collective contracts are still provincial, they are negotiated through the provincial branches of the national federations, which, in turn,

have their offices in the provincial headquarters of their confederation.

The syndical hierarchy, as it now stands, may be represented as follows:

<i>National Confederations</i>	No. of National Federations included	No. of National Syndicates included	No. of Provincial Syndicates	Approx. % of total dues paid by Confederation	Approx. % of those represented enrolled as members
<i>Employers</i>					
1. Industry	45	—	? *	27	60
2. Agriculture	4	—	?	25	20
3. Commerce	37	—	?	16	50
4. Credit and Insurance	13	—	?	2	30
<i>Employees</i>					
5. Industry	20	9	99	13	65
6. Agriculture	4	—	?	8	60
7. Commerce	5	—	?	5	55
8. Credit and Insurance	4	—	?	0.5	75
9. Liberal Professions and Arts	—	22	1,029 †	3.5	75

* The provincial organizations of the confederations are at present being reorganized and definite figures are not available.

† The local syndicates of the Confederation of Professions and Arts enjoy the same privileges as National Federations.

Until the corporative reform of 1934, and largely for historical reasons, there were four additional confederations: one each for employers and employees in Land Transportation and one each for employers and employees in Marine Transportation. These were incorporated into the respective confederations for Industry. The total num-

ber of syndical associations exercising public jurisdiction (excluding the provincial and local syndicates, except in the case of the professions) was reduced from one thousand eight hundred and nine to one thousand two hundred and one. Of these one thousand and twenty-nine are professional syndicates of minor importance. This leaves one hundred and seventy-two major associations (including the nine confederations) to negotiate collective contracts.

For any branch of labor or production only one association can be legally recognized, and it must have at least 10 per cent of those whom it proposes to represent inscribed as members before it can become the official representative. Technically the constitutional principle of freedom of association is not violated, since any number of *de facto* associations are permitted to exist. But in reality the *de jure* association has a monopoly of the functions for which such associations are formed, and its dues are compulsory for all persons "represented" by it, whether members or not. Under these circumstances it is not surprising that *de facto* associations do not exist, except in the case of state employees, whose associations are not official. The following groups are forbidden to organize in any way: members of the army and navy, police, magistrates, professors, students, and employees or agents of the Ministries of the Interior, Foreign Affairs, and Colonies.

The percentages of members of syndical associations with respect to the total number represented by the associations are growing. By not joining a person avoids the supplementary dues levied by the associations (with the permission of the government) for special services to members. The provisions of the collective contracts extend to members and non-members alike. The chief practical advantage, therefore, of being a member is having access to the

facilities of the associations in case of a dispute. Failure to join, therefore, is less a measure of hostility (though some hostility undoubtedly exists) than of either indifference or absence of disputes. Thus, for example, a large majority of small farmers with few employees have very little contact with or concern for the Confederation of Agriculturalists to which they must pay dues. The industrial confederations, on the other hand, enjoy an active support.

The syndical dues are practically a tax levied on all members of the national economy, on all "producer-citizens," to use the corporative terminology. Theoretically and approximately they amount to an annual levy on employers of one day's wage for each employee and on employees of one day's wage, but in practice a complicated system of assessments exists. The distribution of these dues among the federations and confederations is in the hands of the Ministry of Corporations. In 1934 their total amount was about two hundred and seventy-eight million lire, distributed as follows:

	<i>Million lire</i>
Syndicates, Federations, and Confederations	200
Public Benevolent Institutions (<i>Opere nazionali</i>)	45
Ministry of Corporations	30
Guarantee fund (for fines, etc.)	3

Though these dues are no small item in the public finances, the fascists make quite a point of the fact that they amount to considerably less than was paid to labor organizations before the present regime.

A general form of constitution is prescribed for all the syndical federations and confederations. Their organs are a President or Secretary, a Council and a Board of Directors (*Giunta esecutiva*). The Council is composed of all the presidents (or secretaries) of the component associa-

tions. It elects the Directors and President (or Secretary) of the federation, usually for a term of two years subject to re-election. The Council meets at least once a year and the Board of Directors at least six times a year. As was stated previously, officers are subject to the approval of the Minister of Corporations, who can remove them and ask a reorganization. When the syndicates were being "fasciticized," this power was exercised frequently, but now the officers of the associations are fairly secure. It is noteworthy that, though the government can interfere at any time, the associations are self-governing. This is practically the only survival in Italy of "electionism," or of office coming from below instead of from above. Inasmuch as these associations elect representatives to the corporations, which, in turn, are to become the basis of corporative citizenship, supplanting the Chamber of Deputies, this vestige of democracy may still be of some significance.³

4. *Collective labor contracts.*

The primary function of the syndical associations is the negotiation of collective labor contracts, which are published like laws in the official Gazette and are binding not only for all members but also for all persons within the occupations and areas specified by the contract. That the associations have already accomplished an enormous task of regulation is evident from the fact that several thousand collective contracts are now in force. By 1928 only one hundred and seventy-eight such contracts had been effected; by 1931 over six thousand were in force; in 1934 alone one thousand five hundred and twenty-two were

³ There is ample evidence, however, that the elections are not conducted democratically as a rule. See the forthcoming work on the subject by G. L. Field.

published. Of these only about 8 per cent are national or inter-provincial; the rest are provincial contracts. Roughly 60 per cent are made by the Confederations for Industry; 15 per cent for Agriculture; 20 per cent for Commerce; 2 per cent for Banking; and 3 per cent for the Professions and Arts. Office employees (*impiegati*) are still outside the scheme of collective labor contracts, but negotiations are now under way to include them.

Until 1929 there was a general disregard of these contracts among employers, in the absence of any effective machinery of enforcement. The labor syndicates, however, with the support of the government and the slow but sure judgments of the courts, made their power evident. By the summer of 1930 they had forced the Confederation of Industry alone to pay thirty million lire due labor on account of unenforcement or misapplication of collective contracts. The reorganization of the former labor and factory inspectors into a body of corporate inspectors proved highly effective. The inspectors were especially valuable in supporting individual complaints and in curbing the evasion of the social insurance and employment agency clauses in the contracts, by which evasions the employers secured cheaper labor than the contracts stipulated. The unification and direct state control of all employment agencies and of accident insurance removed some of the causes of unenforcement.

A typical contract, based on the prescriptions of the Labor Charter, covers the following: wages, hours, vacations, trial periods and apprenticeship, promotions and seniority rights, conditions on which dismissal is permitted and indemnities for dismissal, medical service, and insurance. The annual vacations vary considerably, but in industry they usually amount to from ten to fourteen days

after a year's work and they increase with the number of years the worker is employed. Compulsory accident and sickness insurance is similar to the systems of other European countries, but the benefits are relatively not very generous.⁴ In industry and commerce nine-tenths of the contracts up to 1934 stipulated an eight-hour day and forty-eight-hour week, in spite of the fact that a government decree made the nine-hour day legal. In 1933, however, the confederations of employers and employees in industry agreed, for a trial period, to institute the forty-hour week. As a result about two hundred thousand unemployed found work. At the expiration of the trial period a government decree made the forty-hour week in industry general and permanent. The Saturday morning leisure thus gained is supposed to be devoted to fascist activities and is called the *sabato fascista*. In agriculture and commerce an analogous reduction of hours was adopted, though less rigid schemes had to be devised. In agriculture the hours vary considerably with the seasons, the average being somewhat higher than in industry. It must be noted, however, that the forty-hour week meant an equivalent reduction in wages (in many cases as high as 16 per cent), since wages are calculated on an hourly basis. The Labor Confederation was unsuccessful in obtaining a wage adjustment to offset the losses, and in some cases employers even maintained production without employing an equivalent number of new laborers from the ranks of the unemployed. In general, therefore, the Labor forces were rather bitter about their "victory" in introducing the forty-hour week.⁵

⁴ See below, p. 143.

⁵ The Federal Secretary from Turin reported that "after the reduction to forty hours the number on relief [in his province] was increased rather than diminished." See *Convegno Nazionale*

The problem of wages is, of course, the most serious item of these contracts. By their relative bargaining powers in fixing wages the effectiveness of the syndicates is ultimately measured, but unfortunately this effectiveness is exceedingly difficult to determine. Even granting that the available statistics are roughly reliable, it is certain that their interpretation with regard to the practical value of the collective contracts, enforced by law instead of by collective conflict, must remain a controversial question. Whether wages *ought* to be higher now than before the War, whether they would have been higher without fascism or with communism, whether the labor syndicates could have resisted the demands of the employers better than they did, are ultimately questions of conscience rather than of science. The few years during which the contracts have been in force have been years of a depression which certainly neither the contracts nor fascism have caused or could possibly have prevented. Labor has consequently been decidedly on the defensive and the technical ability

dei Dirigenti dei Lavoratori dell'Industria (Feb. 27-28, 1935), No. 3, p. 61.

That the decree is flexible, permitting exceptions to the forty-hour maximum, is indicated by the following statement by the Ministry of Corporations, reporting the changes in industrial occupation for July 1935 over the preceding month. "The number of workers working less than forty hours decreased by 6.9 per cent; that of workers working between forty and forty-five hours also decreased by 4.1 per cent; while the number of workers working between forty-five and forty-eight hours increased 8.6 per cent, and that of workers working more than forty-eight hours increased 2.4 per cent." (*Sindacato e Corporazione*, August 1935, p. 437.) This announcement was greeted less as evidence of unenforcement than as a sign of recovery. Under existing circumstances laborers are more eager for extra paid labor than for a *sabato fascista*, and a prudent labor syndicate can not insist too strictly on the forty-hour week.

with which its syndicates have managed this defense is too large a question and too much a matter of economics to receive adequate treatment in this brief outline of politics. Comparisons with other countries and with pre-fascist conditions, though interesting and significant in themselves, prove nothing with respect to the collective labor contracts. A few of the relevant data may be submitted here, indicating the trends in recent years in Italy, leaving the larger question of the value of the fascist syndicates to the reader and the gods.

WAGES AND PRICES IN ITALY, 1929-1934⁶

	1929	1930	1931	1932	1933	1934	1935 (Sept.)
Index of general cost of living. 1927 = 100	94	91	82	78	75	71	71.8
Index of food prices. 1927 = 100	96	91	79	74	70	67	69.5
Index of wholesale prices. 1928 = 100	95	85	74	70	64	62	63(?)
Index of retail prices. 1928 = 100	97	88	78	73	68	65	66(?)
Index of prices of farm produce. 1928 = 100	93	80	69	65	55	56	60(?)
Index of cost of farm materials. 1928 = 100	99	93	82	78	73	71	.....
Index of agricultural wages. Hourly rates. 1928 = 100	98	93	84	76	74	72	72
Index of industrial wages. Hourly rates. 1928 = 100	98	96	86	83	81	79	78(?)
Index of no. of laborers employed in industry. 1929 = 100	100	96	88	79	77	80	85(?)
Index of no. of hours of labor in industry. 1929 = 100	100	95	83	72	74	76	.....
Unemployment (in thousands) ..	300	425	734	1006	1018	963	609

⁶ These statistics are based on the *Annuario Statistico Italiano*, 1935, and *Sindacato e Corporazione*, 1935. Similar figures, with some refinements, can be found in Ernesto Cianci, "Il potere di acquisto della moneta in Italia," in *Rassegna Economica*, May 1935, pp. 317-324. For conditions prior to 1930 see Carmen Haider, *Capital and labor under fascism*.

These approximate statistics are obviously not all commensurate, but they give a general picture of the effects of depression and deflation on wages and the cost of living. The indices for hourly wage rates must be supplemented by a consideration of the decrease in number of hours of labor, failures to enforce the contract rates, and other modifying factors. Economists are generally agreed, it seems, that whereas the cost of living decreased between 1928 and 1934 about 25 per cent, the actual income of laborers decreased about 20-40 per cent in industry and 30-50 per cent in agriculture. The difference between agricultural and industrial wages is not so great as may appear from the hourly rates, since the greater decline in agricultural hourly rates is offset by the greater number of hours of work available. That the depression has brought general hardships and a reduced standard of living is undeniable, but that this reduction (in view of the slightly reduced prices) is not excessive and not subject to as violent changes as in the United States (for example) is also evident. It appears that on the whole the class that suffered most was those farmers who were dependent on the sale of their produce, the prices of which declined most severely; the farm laborers were relatively more secure.

The average hourly rates for manual labor are (1934-5): in industry about 1.65 lire; in agriculture 1.12 lire for men and 0.65 lire for women and children. (The purchasing power of a lira during this year was roughly equivalent to that of ten cents in the United States.) These rates were higher by about 0.50 lire in 1928. A recent study⁷ of real wages in agriculture from 1905-1933 resulted as follows:

⁷ Paola M. Arcari, *I salari agricoli in Italia dal 1905 al 1933* (see *Annuario Statistico Italiano* 1935, p. 169).

Index numbers for wages of agricultural laborers

1913-14 = 100

1905-09	95	1930	149
1910-14	98	1931	148
1915-19	140(?)	1932	141
1920-24	157	1933	143
1925-29	151		

Estimates for the trend of industrial wages vary considerably, some authorities claiming that the standard of living of industrial workers is below the pre-War level, others, above. Undoubtedly there has been relatively less progress here than in the case of agricultural labor, and in the last few years, actually serious decline.

An interesting attempt to calculate changes in the standard and mode of living on the basis of calories consumed per capita resulted as follows: ⁸

Index of calories consumed per capita in Italy

1910-14 = 100

Food calories 1929-1933	110
Alcohol calories 1929-1933	78

Whatever the truth may be regarding changes in the Italian standard of living, this standard is and always has been low when compared with Italy's richer neighbors.

Fortunately for the fascist labor syndicates the basic wage agreements were made before the worst crisis, and in their subsequent bargaining they had a concrete scale, legally established, which they endeavored to defend. That reductions were inevitable was obvious, for the employers, totally unprepared to meet the crisis, demanded cuts of 30, 40, and 50 per cent at once, and would undoubtedly have reduced labor to starvation wages had the syndicates not fought them at every turn. The most

⁸ See *Annuario Statistico Italiano* 1935, p. 164.

serious clashes were, of course, taken direct to the government for arbitration, and some of them resulted in general reductions by royal decree. For example, through government intervention, a collective agreement between the two national confederations for industry was made (November 20, 1930) reading as follows:

“Beginning December 1, 1930, workers’ wages are reduced 8 per cent. This reduction does not apply to male workers over eighteen years of age who are earning less than twelve lire daily in cities of over two hundred thousand inhabitants and less than eight lire in other localities. The above reduction does not apply to workers who work not more than three days a week. The associations concerned may, however, take particular situations into account. For workers who have had their wages reduced within the last six months, the above reduction applies only in case of a difference.

“Beginning December 1, 1930, the wages of all office employees will be reduced as follows: 8 per cent for monthly wages of three hundred to one thousand lire; 10 per cent for monthly wages of over one thousand lire. In no case shall the monthly wage fall below three hundred lire on account of this reduction.”

The depression continued, of course, in spite of this measure, and a year later the employers confederation of industry came back with a demand for further reductions. The employees confederation refused to consider it, and the matter was taken to the Central Corporative Committee of the Ministry of Corporations, which decided on October 31, 1931, as follows:

“As far as industry is concerned, the Central Corporative Committee, having discussed the report of the Minister, Bottai, on the contracts and activities of the trade associa-

tions and on the general wage situation, having established the fact that the movement for reduction of wages is being experienced throughout the world, holds that as far as Italy is concerned no further reduction of industrial wages is either possible or economically useful; but admits that there are special situations where a reduction of wages may be sanctioned provided the following principles are observed: (a) that it is useless to maintain firms that are not on a sound basis and will soon be confronted with the same problem; (b) that a reduction be related to a guarantee of more continuous employment; (c) that it be related to a simultaneous reduction in the other costs of production; (d) that it be confined within reasonable limits; (e) that it be reached by a regular agreement between the legally recognized syndical associations."

On the basis of this decision about four hundred minor and local reductions were allowed, but on the whole, wages maintained themselves fairly well through the next two years. In April 1934, when the previous contract expired, another reduction of 7 per cent was allowed to certain concerns who had not been able to make the entire 8 per cent reduction previously.

These collective contracts reducing wages in industry were closely followed by similar ones for agriculture, commerce, and transportation. By government decree employees of the state suffered similar reductions, 6-12 per cent.

Wage rate disputes are for the most part settled either by the confederations themselves or by the Ministry of Corporations acting as arbitrator. Only rarely is the general question of wage scales brought into the Labor Courts. A feature of some collective contracts is the provision that, if the index of cost of living should rise more than 8 points,

a "high cost of living indemnity" must automatically be added to the wages. By this time certain basic policies and principles have been laid down, and the great majority of contracts (usually made for a two-year period) are now automatically renewed with only minor changes. The "corporative principle," announced in the Labor Charter, that wages should be based on "the normal needs of life, the possibilities of production, and the labor return," has been ridiculed by economists and variously interpreted by the courts. Nevertheless it serves as a general guide in compelling employers to take into account the needs of the laborer as well as the "costs of production."

5. *The Labor Courts.*

The settlement of labor controversies is carried on in several ways by different bodies. In individual controversies (that is, when an individual or firm brings suit) the procedure is different from that in collective controversies (that is, when a syndical association brings suit). In both cases an attempt must be made at conciliation before the issue is brought to court.

Individual controversies are first brought to their respective syndical confederations, where conciliation is attempted. For example, in 1934 the workers confederations dealt with the following numbers of individual conflicts.

<i>Confederation</i>	<i>Total no. reported</i>	<i>Conciliated by the Synd. Assoc.</i>	<i>Forwarded to the courts</i>
Industry	100,299	64,936	9,482
Agriculture	92,757	57,345	10,575
Commerce	26,428	18,768	2,354
Credit and Insurance	?	2,018	?
Professions and Arts	?	3,113	?

In the agricultural cases, where the statistics are most complete, of the eighty-two thousand one hundred and eighty-two controversies dealt with by the syndicates (that is, subtracting the ten thousand five hundred and seventy-five cases forwarded to the courts), 65 per cent were conciliated favorably to the workers, 3 per cent were decided unfavorably, and the remaining 32 per cent were abandoned, permitting the individual to take his case to the courts if he so desired. In the industrial cases conciliated the sixty-four thousand nine hundred and thirty-six controversies involved claims on the part of laborers for about fifty-seven million lire, of which forty-three and one-half million were secured for the claimants.

Until the decree of May 21, 1934, such conciliation was regarded as a "power" granted to the syndicates, whereby they could compel the parties to abide by their decisions, but this decree clarified the law, making merely the *attempt* at syndical conciliation compulsory. When this conciliation fails, the case can be brought either by the syndicates or by the individual to the lowest courts, that is, to the justices of the peace (*pretura*) or the municipal courts (*tribunali*). In these courts informal conciliation must again be attempted by the judge. If he fails, the case is tried according to regular legal procedure, the court being assisted by two experts, in case either party requests this assistance.⁹ These experts are chosen, one for the employer and one for the employee, from separate panels prepared every two years by the Provincial Council of Corporative Economy with the approval of the Labor Court (Court of Appeals). Cases involving more than two thousand

⁹ Until 1934 *both* parties had to consent to the assistance of experts, which happened so rarely that this provision received little application.

lire can be appealed to the Labor Court. During 1934 the justices of the peace and municipal courts settled thirty-two thousand three hundred and eighty-one individual labor controversies as follows:

Informal arbitration	6,050
Demands granted	11,062
Demands rejected	3,432
Demands withdrawn	11,167
Outside court's jurisdiction	670

Since a large majority of the suits are brought by employees against employers, rather than vice versa, the favorable action on so large a number may be regarded as generally favorable to labor. On the other hand, the large number of cases withdrawn probably signifies that the courts had established precedents ruling out demands which seemed reasonable to labor. Of the two thousand seven hundred and forty-two judgments appealed during 1934, one thousand and thirteen judgments were sustained, nine hundred and forty-four were modified, and twenty-three declared void.

We turn now from individual to collective labor controversies. These are taken first to the Ministry of Corporations for attempted conciliation. Here there is a permanent board of arbitration, *Collegi di Conciliazione*.

The record of this body for 1933 is:

	<i>Confederations of:</i>			
	<i>Industry</i>	<i>Agricul- ture</i>	<i>Commerce</i>	<i>Credit and Insurance</i>
Disputes conciliated	48	3	—	—
Failures to conciliate	25	—	—	—
Cases dropped or postponed	25	—	1	—
Total	98	3	1	0

In 1934 a total of one hundred and thirty-two controversies, likewise largely industrial, were brought to the Ministry and eighty-five of them were conciliated. When this conciliation fails, collective disputes are taken directly to the special session of the Court of Appeals, known as the Labor Court (*Magistratura del Lavoro*). It is composed of three judges and two private citizens who are called in as experts in labor problems, having been selected from a panel appointed annually by the first president of each Court of Appeals. These experts are not mere assistants but take part in pronouncing the judgment of the court. Very few cases of collective disputes are brought before this court. Conflicting interests are either settled by the Ministry of Corporations or the conflict is allowed to continue. The cases brought before this court are usually disputes requiring less the conciliation of interests than the interpretation of the law. And even such cases arise for the most part out of individual suits.

The aim of this rather intricate procedure in dealing with labor disputes has been to protect the Labor Court from trivial controversies. The consensus of opinion both among syndicalists and jurists seems to be that it has been protected too much. Many disputes are "conciliated" unfairly by politicians and by the lower ranks of justices who do not enjoy the independence and prestige of the Court of Appeals. It takes on the average eighteen to twenty-four months to get a judgment from the Labor Court, and there is naturally considerable impatience with the formalities of judicial procedure. Some fascist politicians want a special "corporative court" under fascist auspices to speed up action, but this suggestion is vigorously opposed by the syndical leaders, who prefer the slow justice of the

regular courts to the probable arbitrariness of a political body.

There is already an immense body of labor law and jurisprudence, to say nothing of the literature on the theory of corporative law. The basic issue seems still undecided, *viz.*, whether corporative law shall be regarded as an independent juridical structure, or whether it is to be subsumed under the conventional heads of contract, master and servant, etc. With all this theoretical and formal analysis, however, no adequate study of the economic effects and policies of the courts has been made. There seems to be a general agreement that the Labor Courts are scrupulously, if not pedantically, impartial. There is less confidence in the lower courts. A tabulation of fifty-eight judgments of the Labor Courts in various provinces during 1934 taken at random and the same number of judgments of the lower tribunals indicates that the Labor Courts tended to favor labor thirty-five to twenty-three, whereas the lower tribunals tended to favor the employers thirty-four to twenty-four. This number is, of course, too small to have statistical value and does not prove much in any case. It happened that many of these cases involved an issue which the labor syndicates were trying to drive to a favorable and definitive decision. Certain privileges are enjoyed by responsible office help (*impiegati*) which are not enjoyed by manual laborers. The labor syndicates tried to draw the line as low as possible in the grades of skill and responsibility. The praetors and tribunals tended to favor the employers by defining even some of the highest grades of labor as "manual." On this issue the Labor Court (of Appeals) tended to be more liberal, favoring the interpretation of the labor syndicates. But this is only one issue out of hundreds of similar, more or less tech-

nical, matters that the courts have attempted to regulate, and it is difficult as yet to make any significant generalization about the kind of justice exhibited by these courts. There seems to be a general willingness on both sides to extend the jurisdiction of the courts rather than to evade it, and the system of labor law which is being built up is certainly commanding increasing respect.

6. The corporations and the National Council.

The institutions of the corporative state thus far discussed are concerned largely with the labor problem, and their eventual structure, after much experimenting, has been dictated largely by their ability to deal with this problem. It will be remembered, however, that from the very start the corporative state was conceived in more inclusive terms and that both the syndicalists and the nationalists hoped to arrive at some integrating institution including both employers and employees and giving practical embodiment to the fascist theory that the "class struggle" should be located not among the classes of a nation but between nations. At every turn this conception of national solidarity was defeated when it came to labor organization, and as a result the system which finally emerged represents a high degree of organization for both capital and labor, facing each other, and failing to agree being compelled to submit to political decision, either by the government or the courts. This makes the state a party to economic conflict, swinging the balance of power in its hands whichever way it deems expedient in view of prevailing pressure. The depression, however, brought home increasingly the inadequacy of such a solution, and the confederations were soon besieged with all kinds of economic problems for which they were not prepared. The

federations, organized usually to promote a particular interest, became effective pressure groups, whose interests the confederations were unable to reconcile and who were, therefore, referred to the Ministry of Corporations for action.

Mussolini, on October 16, 1932, before the National Council of Corporations, raised the question whether the crisis was *in* the system or *of* the system, and by the session of November 14, 1933 he was ready to give his definite conclusion that "the crisis has penetrated so deeply into the system that it has become a crisis *of* the system." The aim of the more recent and more corporative reforms, therefore, is the invention of institutions that will be competent and effective in exercising this positive responsibility for the collective direction of production. The corporate state, thus conceived, is an attempt to create a national administration of the processes of production while retaining private ownership and management of the means of production.

That the syndical associations alone are incompetent for this task is proved not only by their dualistic framework (employers and employees being organized separately) but by the fact that each confederation includes too many branches of production to be a practical administrator of the details of any one of them. To go to the other extreme and attempt to build a collective administration on the unitary syndicates, embracing each only a single occupation or category, proved to be too disjointed a structure for effective regulation. The Corporative Law, especially Article 7, really represents a compromise between a pure "category" organization (recommended by the industrialists) and the "confederalional" system (recommended by the agriculturalists). It is based on "the production-cycle"

and follows roughly the lines of economic grouping suggested by many of the provincial and national federations.

On February 5, 1934 Parliament passed this law creating the specific corporations and in May Mussolini, on behalf of the Central Corporative Committee, announced the institution of twenty-two corporations in three groups. At the head of each corporation was placed a council composed of representatives appointed by the syndical confederations, of experts, of representatives from related organizations, and of members of the Fascist Party. The whole organization is represented by the accompanying table.

Each corporation is thus directed by a small council, the largest having sixty-eight members. Each council contains for the most part an equal number of representatives from the employers and the employees confederations. The small number of remaining members, who hold the balance of power in case the employers and employees disagree, is composed of professional experts and politicians (three members of the Fascist Party in each council). The presidency of each council is assigned to the Minister of Corporations. In practice, however, a presiding officer acts in behalf of the Minister and serves as a direct link between the government and the business experts or syndical representatives, giving Mussolini freedom to take personal direction only when some exceptionally critical situation arises.

The associations united in a corporation are by that fact made "autonomous," though they continue to be members of their respective syndical confederations. The theory of these intersecting "vertical" and "horizontal" organizations is not clear. In practice, however, the whole scheme is quite intelligible. The confederations remain, as they were, the chief agencies for dealing with the prob-

COMPOSITION OF THE CORPORATIONS

<i>Corporation</i>	<i>Representatives in Councils</i>								
	<i>Employer Confederations</i>	<i>Employee Confederations</i>	<i>Technical Experts</i>	<i>Skilled Laborers</i>	<i>Cooperatives</i>	<i>Independent Public Institutions</i>	<i>Professional Men or Artists</i>	<i>Fascist Party</i>	<i>TOTAL or National Council of Corporations</i>
<i>Production-cycle of agricultural industries and trades:</i>									
Grains	15	15	1	1	1	..	..	3	36
Fruits, vegetables, and flowers	13	13	2	..	1	..	..	3	32
Vineyards and wine	13	13	3	..	..	..	..	3	32
Olive oil and products	10	10	2	..	..	..	..	3	25
Sugar beets and sugar refining	5	5	2	..	..	..	..	3	15
Animal products and fisheries	18	18	3	..	1	..	..	3	43
Lumber	13	13	2	2	..	..	..	3	33
Textiles	24	24	4	2	1	..	..	3	58
<i>Production-cycle of industry and related commerce:</i>									
Metallurgy and machinery.	30	30	1	2	1	..	..	3	67
Chemical industries	31	31	2	..	1	..	..	3	68
Clothing	21	21	1	3	..	..	..	3	49
Paper and printing	11	11	..	1	..	..	4	3	30
Building and construction .	11	11	4	1	1	..	..	3	31
Water, gas, and electricity.	10	7	4	..	1	..	..	3	25
Mining	10	10	2	1	..	..	..	3	26
Glass and ceramics	13	13	1	2	1	..	..	3	33
<i>Production-cycle of public services:</i>									
Banking and insurance (3 sections)	18	15	..	..	..	16	..	3	52
Liberal professions and arts (4 sections)	2	2	..	2	..	..	31	3	40
Marine and aviation	10	10	..	..	1	..	..	3	24
Internal transportation and communications (4 sections)	21	21	2	2	1	..	..	3	50
Stage	11	11	..	..	..	3	6	3	34
Hotels	8	8	1	..	..	..	..	3	20
TOTAL, or National Council of Corporations	318	312	37	19	11	19	41	66	823

lems of labor, unemployment, insurance, and, in general, for what is now called "syndical activities." The corporations take up the technical economic problems as they arise in particular branches of production. The Ministry of Corporations serves as a clearing-house for both.

The corporations are confessedly and professedly political instruments, presided over by statesmen and politicians. The Fascist Party intends to keep its finger, if not its hand, on everything. According to some theorists the Party must dominate the corporations because the state must dominate particular interests. Others (without intending malice) regard the Fascist Party as representing the consumers. The fact, however, that the corporations are under the presidency and jurisdiction of the Regime should not blind the reader to the other fact that the leaders of industry, agriculture, and commerce are the real leaders of the corporations, taking the initiative and contributing their technical knowledge as well as their private interests to the work of these bodies.¹⁰

When the corporations were officially announced, and even long before then by the theorists of the corporate state, it was planned to make the Council of Corporations (the eight hundred and twenty-three members of the various councils) the culminating organ and authoritative voice of the corporative structure. In fact, it was to be genuinely a legislative as well as an advisory body. Mussolini opened its first session most solemnly, addressing it as "this imposing assembly, perhaps the most imposing in the whole of Italian history" (November 10, 1933). Around it at once grew the hopes and theories of those fascists whose philosophic ardor for constitutional reform and whose moral nostalgia for political debate and pro-

¹⁰ For the work of the corporations, see below, pp. 121 ff.

grammatic legislation inclined them to welcome a "corporative parliament." (The literature on this subject is already enormous and of sufficient erudition to tempt any student of political theory.) Whether the more practically minded politicians sensed this danger of reviving parliamentary government under a new name, or whether they merely needed prompt action in an economic crisis, the fact is that the whole issue was quickly relegated to an indefinite future. On April 18, 1935 a decree, unaccompanied by the usual bombardment of theories to clear the way, gave the Central Corporative Committee of the Ministry of Corporations full jurisdiction over corporative matters, reserving the Council of Corporations for the eventual, formal ratification of the work of the Committee. This action means that the full assembly of the Council will probably not function as an active, deliberative body, at least not in the near future. The Ministry of Corporations and the individual councils of the twenty-two corporations will do all the corporative business, and thus the "corporative state" remains typically fascist in structure. Nevertheless the Council of Corporations definitely exists and can be called into action if needed. Furthermore the threat that it will soon supplant the Chamber of Deputies still stands. Whatever the future of this and other fascist institutions may be, it is significant that fascism has created a complete set of legal institutions which can, if they will, function as a real state. For if fascism should some day find itself without a Head, it will at least have a body, and those who look upon the present regime as merely a personal rule grossly underestimate the political construction that has been accomplished in Italy since 1922.