A COMPARATIVE ANALYSIS OF CORPORATISM
IN NAZI GERMANY AND FASCIST ITALY

by

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This study is a comparative analysis of corporatism as expressed by the National Socialist Party in Germany in its 1920 Program and of Italian corporatism as formulated by the Fascist government in the mid-1920's.

The main question of the study is: Why did the National Socialist Party discard the corporatist proposals in its 1920 Program, while corporatism in Italy became an important facet of the Fascist state ideology?

In the first chapter, the corporatist proposals of the NSDAP are examined, stressing the following problems: Why were corporatist proposals included in the 1920 Program? To what extent were they implemented? If they were not implemented, why not? In the second chapter, the same issues are examined, this time in the context of Italian corporatism. The last chapter is devoted to a comparative analysis of German and Italian corporatism.

On the basis of the analysis and evidence provided, I suggest that Fascist corporatism served as a unifying myth to create the illusion
that both class conflict and national economic poverty had been overcome. At the same time, this ideology integrated the working class into corporations which were designed and controlled by the state. In contrast, the corporatist proposals of the 1920 NSDAP Program contradicted the goals of the German state because the regressive, utopian corporatist proposals of the early Party Program did not serve the goals of the Nazi state which were rearmament and external power.
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INTRODUCTION
The purpose of this study is a comparative analysis of the corporatist proposals of the National Socialist Party in Germany as expressed in its 1920 Program and of Italian corporatism as formulated by the Fascist government in mid-1920's.

The main question that this study addresses itself to is: Why did the National Socialist Party discard the corporatist proposals in its 1920 Program, while corporatism in Italy became an important part of the Fascist state ideology? Our thesis is that Fascist corporatism served to further the aims of the Italian state by functioning as a unifying myth to promote social harmony and national unity whereas the corporatist proposals of the 1920 NSDAP Program contradicted the goals of the German state.

In the first chapter, the corporatist proposals of the NSDAP are examined, starting with a brief survey of the origins of German corporatist theory, with specific reference to those theories that influenced the Nazi writers. Then, the following problems are addressed: Why were corporatist proposals included in the 1920 Program? Which social groups did they appeal to? To what extent were they implemented by the Nazi government? If they were not implemented, what were the reasons for their elimination?
In the second chapter, the same method of analysis is directed at Italian corporatism. Starting with a description of its origins that led up to the formulation of corporatism as part of the Fascist doctrine, the enquiry then moves to the examination of whether or not corporatism as stated in the laws was realized. As the evidence turns out to be negative, we then address the problem of why it was not realized. Since corporations were actually implemented, even though they did not serve their stated purposes and since corporatist principles continued to be stressed, it is important to find out what the 'actual' functions of corporatism were.

The third chapter is devoted to a comparative analysis of both German and Italian corporatisms, in terms of both corporatist theory and its application to society. The analysis includes a comparison of the origins of corporatist theory in both countries, the social groups it appealed to and the socio-economic structure of each country.

As it is revealed at the end of the study, in Italy, with the existence of stark class and regional divisions, a powerful revolutionary syndicalist movement and a low level of industrialization, corporatism
served as a unifying myth to create the illusion that both class conflict and national economic poverty had been overcome, at the same time integrating the working class into corporations designed and controlled by the state. Thus, corporatism, as advocated by the Italian state, coincided with its goals of achieving national unity and rapid industrialization to bring Italy to an internationally powerful status.

In Germany, on the other hand, the regressive, utopian corporatist proposals of the 1920 Program of the NSDAP had no chance of life because they did not serve the goals of the Nazi state, which were rearmament and external power. Besides, by 1933, Germany was a fully industrialized country; employers organizations controlled the labor market; trusts, combines and cartels covered the whole economy with a network of authoritarian organizations. Thus, the business leaders were also powerful enough to impede the implementation of the corporatist proposals, while they supported the goals of the Nazi state.
CHAPTER I
The 1920 Program of the National Socialist Party demanded the creation of estate and occupational chambers for the execution of statutes enacted by legislative authorities in order to implement the principle that public interest comes before self-interest. It also proposed the institution of self-governing guilds for trade and small business.

A brief survey of the German corporatist tradition would serve to clarify the links of the Nazi corporatism with the German corporatist tradition and thus add to our understanding of the above proposals.

Corporatism made its appearance in Germany as a distinct political and economical 'Weltanschauung' at the beginning of the nineteenth century. It was an expression of conservative and nationalist antipathy to the philosophy and practice of the French Revolution, its first manifestations having been largely the products of a desire to defend Germany's traditional social institutions - the estates and corporations of the ancien regime. Corporatist ideas are closely associated with the German romantic movement which represented the first protest against capitalism and parliamentarism, as well as tending to safeguard the traditional German institutions.

In the first half of the nineteenth century, the emphasis was on the restoration and maintenance of these institutions, which later gave way to the proposals of a corporative electoral system and the creation of a functional parliament. In other words, the emphasis prior to the
revolution of 1848 on the status quo for the hereditary estates shifted to a new emphasis on occupational representation although a clear dividing point is difficult to find. The reasons for this change in emphasis must be sought in the socio-economic transformations which took place in Germany. Since the broad masses of the population enjoyed few political rights in the first half of the nineteenth century, the main forces operative during this period were the hereditary estates which were anxious to retain their privileges. However, when the influence of modern party life and the emerging classes created by industrialization began to cut across social stratifications, occupational representation became an important alternative to overcoming economic and social antagonisms. Besides the hereditary estates, the artisans, craftsmen and retail merchants opted for occupational representation. The latter wanted a return to the corporative economy organized along guilds, as in the Middle Age because they were threatened by the consequences of the industrial revolution. They were rapidly sinking to working-class status. In short, corporatism for both of the above groups was a way of accommodating the newly emerging classes, as well as retaining their own status.

The theoretical basis for adopting the corporatism of the Middle Age to new circumstances was provided by German Romantic theorists of the nineteenth century. They rejected individual liberty and equality in favor of an 'organic' hierarchy of estates. An organic state resting
upon estates was thought to provide a reconciliation of individual freedom and growth with social harmony and stability. In short, estates were praised for their intermediary function between the individual and the state; the individual facing the state alone could only produce chaos.

The intermediary function assigned to estates and corporations, however, presented difficulties for practical application mainly because the attempts to adopt medieval corporatism to the centralized national state of the nineteenth century proved to be unrealistic. If the estates were allowed too much autonomy and their individual interests were allowed to come to the fore, then social harmony would not be provided for and the state would face the danger of losing its unity. On the other hand, if the estates were subject to the authority of the state, then they faced the danger of losing their intermediary function and becoming organs of the state.

Adam Müller was probably the first German theorist at the start of the nineteenth century to postulate estate organization against class organization. He feared that Germany would split into two classes and sought to prevent the resulting antagonism by an estate system composed of an aristocracy, clergy, industry and merchants which would integrate the industrial into the political system. At the same time, he insisted on a strong centralized state which absorbed "the totality of human affairs".

Understandably, he did not provide any clear guideline as to how such a state, which absorbed the totality of human affairs, would let the estates function. Like Muller, Fichte also assigned the state the duty of control over the estates, but the estates derived their validity from state laws which eliminated their intermediary function.

It was Hegel who provided a theoretical solution to the problem of how the estates would function as intermediaries between the individual and the state. For him, the only way an individual could be brought into the economic, political and ethical order was by making him a member of a corporation where, at the same time, he is educated to see beyond the particular interests of his corporation to consider the interests of the whole public sphere. As for the relationship of the corporations and the state, they form a unity of opposites. The corporations need the recognition of their autonomy by some higher body, i.e. the state. In turn, the state owes its power and existence to the recognition of each corporation that its particular interests are maintained by the state. This synthesis, however, remained on a philosophical level. Hegel himself did not intend it to have practical applications, as he expressed it in the introduction to The Philosophy of Right: "This book, then, containing as it does the science of the state, is to be nothing other than the endeavor to apprehend and portray the state as something inherently rational. As a work of philosophy, it must be poles apart from an attempt to construct a state as it ought to be."
In the wake of the revolution of 1848, Karl Marlo Winkelblech postulated an estate organization based on 'economic federalism'. It was designed to preserve many features of the guild organization crowned by a "social parliament of occupational estates". This program reflected the misgivings of artisans and craftsmen. Karl Marlo advocated the coexistence of an occupational and of a political chamber, and the subordination of the former to the latter. This idea was seized by the reactionary movement who used occupational representation for the purpose of suppressing parliamentary institutions, as for instance in Bismarck's political and social theory. Bismarck depicted his ideal political scheme as one of a strong monarchy, restricted by a system of corporate representation. Bismarck's scheme possibly represented the misgivings of the aristocracy. As mentioned earlier, corporatism was most favorable to those two groups: the aristocracy and the artisans, who wanted to preserve their status.

Karl Marlo Winkelblech's demand of the coexistence of an occupational and of a political chamber and the subordination of the former to the latter was later fulfilled under the Weimar Republic. The provisional economic council composed of industry, labor, consumers, free professions and experts that was formed did not function, however. It had no achievements to boast of and its legislative power and advisory functions were partly dispensed with during the great depression.

Possibly the most important corporatist tradition that served as a stimulus to National Socialist writers is the Volkish Movement.
Ideologically, Volkish thought is a product of the Romanticism of the nineteenth century, but it was combined with elements unique to Germany. Within the Romantic Movement, the longing for self-identification as a reaction to the socio-economic transformation of Europe, led to a contradictory urge to belong to something greater than oneself, to find a universal identity, by being in harmony with the Cosmos. In Germany, the quest for 'cosmological identity' was found in the form of 'Volk'. The individual, by belonging to the Volk, could achieve unity with 'higher reality'. Belonging to the Volk also meant living in harmony with nature and entailed a condemnation of urban life brought about by industrialization as unnatural.

The social structure that the Volkish ideology envisaged was put forward by Wilhelm Heinrich Riehl, one of its important protagonists. Starting with the ideal of nature, Riehl held up the unspoiled countryside as a model for the social structure he desired. He saw in the contrast in nature, a justification for preserving the equally natural difference between social estates. His society was to be hierarchical in nature and patterned after the medieval estates. He viewed peasantry and nobility as the two estates which still lived according to prescribed customs. However, the estates that came into being after the Middle Age, namely the bourgeoisie and the workers had to be accommodated as well. The solution was to find the bourgeoisie a place within the Volk as inhabitants of the small town, which had been part of the historical landscape for centuries. The workers, on the other hand, were regarded
as a genuine estate by Riehl. This distinction permitted the workers to act in concert, since historically, estates had acted as a unit to gain their own ends. In this vein, Riehl praised the first of Germany's cooperative efforts on the part of the workers as analogous to the medieval guilds in which master, journeyman and apprentice were parts of an harmonious order.

After the unification of Germany in 1871, another trend called 'New Romanticism' combined Romanticism and Volkish ideas in an attempt to find a solution to the socio-economic consequences of industrialization. The form of society that it proposed was a hierarchy established according to estates or corporations, composed of professions, skills and trades, crowned by a chamber of corporations. The originality of New Romanticism lay in its introduction of corporatism as the 'Third Way', an alternative to both liberal capitalism and Marxist socialism. The 'Third Way', alternately called 'German Socialism' by Moeller van den Bruck, who coined it, was described as a "social order forged from the union of a medieval corporatism and the cultural peculiarities of the German Volk". First, the bourgeois social order would be dissolved; Germany would somehow revert back to the Middle Age, with allowance for certain requirements of the Modern Age - such as international trade, tariffs, taxes and a relatively large amount of public spending.

How was the 'Third Way' going to be achieved? According to van den Bruck, it would be achieved by a 'spiritual revolution', whereby the general
interest of the community would come before individual interests and the antagonisms of industrial society would thus be reconciled.

The Volkish and New Romantic version of corporatism which imposes the medieval order upon industrialized society by way of a spiritual revolution is of special significance for our understanding of the Nazi corporatist proposals. These ideas were embraced by small businessmen, artisans and craftsmen who comprised the initial membership of the NSDAP. Therefore, it is not unreasonable to assume that Nazi corporatist proposals followed the Volkish tradition in order to appeal to the above groups who feared, or actually suffered the social and economic displacement associated with the emergence of modern industrial society.

A second source of Nazi corporatism is Othmar Spann's estate theory. Othmar Spann and his school worked out a radical-estate theory on the basis of a universalist doctrine. Spann's conception of society rested on his differentiation between 'individualistic' and 'universalistic' conceptions. Rejecting the individualistic concept, which accepts society as a 'summation of independent individuals who are self-determined, he found the 'intrinsic essence' of the individual to exist in 'the mental or spiritual association among the many'. This universalistic conception implied the complete precedence of society over individuals who were not even permitted to have any immediate relationship except through the mediation of society.
The social order proposed by Spann was a series of 'partial totalities' or 'estates' arranged in an ascending order of rank and crowned by the state which is both the most general estate of all the 'the leader and judge of all other estates'. Economic life, a subordinate estate but autonomous within itself, is further divided into partial estates, each corresponding to a single occupation. The economic estate is led by employers, where workers are called 'followers' and employers 'leaders'. This division is justified by calling capital the function of a higher order in the social hierarchy. For Spann, the state is ruled by the estate of rulers (Herrenstand) whose business is to attend to state affairs, while employers lead the economic estate.

Spann's theory presented difficulties regarding its interpretation. If the state is seen as an estate, even though it is above other estates, his theory is interpreted as allowing too much autonomy for the estates. On the other hand, if his universalism and the precedence of the whole over the parts are emphasized, then the state might be interpreted as an absolutist, dictatorial state. In other words, we are again faced with the problem of the relation of estates vis-à-vis the state. In spite of this problem, Spann's writings were given wide circulation after 1932, and in 1933, an organization called 'Institut für Ständewesen' was set up to train future leaders based on Spann's ideas. His ideas were also used to justify the economic power of industry and business leaders by interpreting corporatism as state being
divorced from functions belonging to the economy, thus justifying the power and self-government of industry under the name of corporatism. Spann's ideas were nevertheless rejected when corporatism was given up in 1934.

A third source of Nazi corporatism is the Occupational Estates School. The general aim of this school was to bring about a 'community of labor' in which social harmony could be realized. To this end employers, supervisors and workers were to be organized in a hierarchy of 'factory communities' (Arbeitsgemeinshaften). All enterprises engaged in the same kind of production were to be organized by district and then united in national groupings. A functional parliament would then coordinate these occupational estates and act as a buffer to prevent political encroachment on economic affairs as well as undue interference by economic groups in the affairs of the state. For our purposes, this school's importance lies in the fact that the concept of factory communities was later adopted in the Third Reich and was given a central place in the Labor Legislation of 1934.

The theories that served as a stimulus to Nazi writers had the following points in common: 1) an opposition to a parliamentary system resting on political parties. 2) a hierarchical conception of society and a refusal to recognize equal political rights. 3) an acceptance of an organic conception of society 4) anti-liberalism. 5) a rejection of Marxism and its explanation of the necessity of class conflict.
After this brief survey of the German corporatist tradition, we will now turn to the National Socialist theorists of corporatism and the corporatist proposals in the 1920 and 1926 Party Programs.

In the 1920's, the main National Socialist theorists on economic issues were Gottfried Feder and Gregor Strasser. They represented the radical faction within the NSDAP. Feder's writings on economic issues had a pervasive influence on the Party's approach, and in fact he was appointed 'supreme arbiter' by Hitler on debates arising from the economic issues of the Party Program. Feder proposed the establishment of a form of government which is democratic, highly centralized and corporatist in his book, *The Social State*. The new state, for him, had to make a radical break with all the principles of liberal democracy. It had to break with parliamentary parties, but, above all, it had to provide a separation between economic and political types of popular representation by a two-chamber system. The House of the People as the first chamber was to represent the political interests of the whole people, while the Central Council represented the economic interests of the working population and was supposed to be a corporatist body. Each occupation was represented by one employer and one employee. The work of this Council was planned to be the control of production and distribution. It also was to function 'socially' to prevent the representation of the special interests of the individual occupational groups and to encourage their better incorporation into the whole.

Gregor Strasser differed from Feder in his emphasis on socialistic
elements. His 'socialist' proposals included the "far-reaching transfer of the ownership of the means of production to the general public, with regard for the sense of property." He suggested that capital and property should be apportioned the following way: the workers should hold the rights to 10%, the state 41% and private owners the remaining 49%. Profits, meanwhile, should go 49% to the workers and 51% to the owners and respect for private property should be maintained. What Strasser meant by 'German Socialism' becomes clearer in his statement below:

"We are socialists, are enemies of the present capitalistic system with its exploitation of the economically weak, with its injustice in wages, with its immoral evaluation of individuals according to wealth and money instead of responsibility and achievement and we are determined to abolish this system! Yet it is not enough to change a system, to replace one economic system with another - necessary above all is a change of spirit!......We have to learn that in the economy of a people, it is not profit, not gain which are important - but only satisfying the needs of the members of the people."  

As mentioned at the beginning of this chapter, the 1920 Program of the NSDAP demanded the creation of estate and occupational chambers for the execution of statutes enacted by legislative authorities in order to implement the principle that public interest comes before self-interest. It also proposed the institution of self-governing guilds for trade and small business. In 1926, Gregor Strasser and
Joseph Goebbels prepared a more detailed program based on the previous one. The corporatist proposals in this program were:

"Trade and Small Business Policy:
1. Those businesses or individuals employing fewer than twenty people are to be grouped by law in compulsory guilds.
2. Taxation of these self-governing bodies will take the form of a lump sum which the guilds themselves will divide and levy on individual members....

Structure and Character of Corporations:
1. The various principal occupational groups are to be combined in regional, state and Reich chambers...
2. The following chambers are to be formed:
   a. Chamber of Agriculture
   b. Chamber of Industry and Trade
   c. Chamber of Labor
   d. Chamber of Civil Service and employees
   e. Chamber of the Free Professions

Conclusion:
On the domestic problem: the division of authority between centralism and federalism with the introduction of an organically structured system of corporations in the place of an artificial parliamentarism.

On the economic problem: the reconciliation of the rights of the general public with the personal egoism which is rooted in human nature." 18

The corporatist proposals of the Party Program and those of Feder and Strasser serve to indicate the following main characteristics of Nazi corporatism. First, it is anti-liberal and anti-Marxist. Second,
it is utopian. The rational constructs of economics are refused in favor of spiritual values which would help to achieve social and economic harmony of interest. Third, it advocates corporations as intermediary organizations within a centralized state with unlimited authority. Fourth, it proposes the creation of self-governing guilds for artisans and small businessmen, similar to the guilds of the Middle Age.

What functions did these corporatist proposals serve? The lower middle classes of artisans, craftsmen and small businessmen who suffered the social and economic displacement associated with the emergence of modern industrial society were most receptive to the anti-capitalist, utopian corporatism of the NSDAP.

Arthur Schweitzer in *Big Business in the Third Reich* divides the German middle class of the 1920's into the following groups:

1. Salaried employees in industry and government.

2. The marginal independents (quasi-proletarians) who operated shops or stores on their own account, cultivated a few acres of land or sold their labor as services to customers.

3. Artisans, dealers in goods and services and most of peasants.

Politically, all groups held some form of middle-class outlook on life. They took a unified stand, especially after the deteriorating economic situation threatened their existence against both capital and labor. Economically, their interests were so diverse that a common class interest
did not develop. However, the artisans and small businessmen did develop their own program demanding a corporative organization, and it was this program that was mainly adopted by the NSDAP. It should be noted, though, that the 'Mittelstand' as a whole was sympathetic to corporatism because it offered an alternative to liberal democracy and Marxist socialism, both of which were regarded unfavorably by them.

The specific corporatist proposals of the artisans and small businessmen, mostly influenced by the Volkish Romantic ideas, are outlined below in order to provide a comparison with the NSDAP proposals:

1. Anti-capitalism - Artisans and small businessmen asked for the closing of all department stores and chain stores. All publicly owned enterprises would be dissolved and public orders would be filled by artisan shops. Big business would be replaced by small business and modern large-scale industries would be transformed into a primarily handicraft economy.

2. Self-government of guilds - All artisans would belong to a distinct economic organization, membership in which would be compulsory. These organizations would have the right to fix prices and regulate the markets.

3. Economic corporativism - The artisans' organizations would govern their economic affairs by either forming estates, guilds or corporatives.

A comparison of the NSDAP Program with the above demands suggests that the proposals of the small businessmen and artisans were taken into
account. On anti-capitalism, the Party Program included the creation and maintenance of a sound middle class, immediate communalization of the great department stores and their leasing to small businessmen at low rents; most favorable consideration to small businesses and breaking the bondage of interest. On the organization of guilds, it had the following points: Those businesses or individuals who employ fewer than twenty are to be grouped in compulsory guilds; taxation of these self-governing bodies will take the form of a lump sum which the guilds themselves will divide and levy on their individual members.

These points on anti-capitalism and the formation of self-governing guilds in the NSDAP Program indicate a close similarity to the demands of artisans and craftsmen to suggest that one of the main reasons why the Party Program included corporatist proposals was to appeal to those groups. And indeed, when their program was adopted, they filled the ranks of the party.

A second possible function of Nazi corporatism is the alternative it offered to both liberal democracy and Marxist socialism. Because the role of corporations within the state is not well defined in corporatist theory, the NSDAP could propose the formation of a chamber of corporations subject to the unlimited authority of the central parliament and thus rule out parliamentary democracy in favor of a dictatorial state.

Similarly, the organic concept of corporatism, favoring inequality
among men may have appealed to the party leaders, because it opposed equal political rights. The hierarchical conception of society was adopted by Hitler to enforce the party hierarchy and the absolute obedience to the 'Führer'. The concept of the 'common good before individual interest' helped to justify absolute authority since the 'Führer' knew the common interests of the people best. As Gottfried Feder explained: "The good of the people is the highest law....there can be no question of setting up guidelines for the highest leader of the state; his guideline is contained in the above-mentioned principle." Finally, it should be remembered that corporatist proposals were made by the radical faction within the NSDAP. Therefore the power struggles within the party might have necessitated a compromise with the radical faction to include their proposals in the Party Program. Konrad Heiden in History of National Socialism points out that Hitler himself was not an enthusiastic supporter of corporatist ideas but that struggles within the party itself forced him to declare the 1920 Program unalterable, although he himself was doubtful about many of its statements and had expressed these doubts openly in his book. Corporatist proposals originated from a faction within the party who had to be accommodated in order to keep the party unified when it was still in opposition. This may be a reasonable assumption since corporatist proposals were eliminated once the power of the radical faction was reduced after the NSDAP came to power.

In short, the four main functions of the corporatist proposals in the 1920 NSDAP Program can be cited as the following: 1) They appealed
to the middle class, specially the artisans and small businessmen.

2) Corporatism provided an alternative to liberal democracy and Marxist socialism as a 'Third Way'. 3) Corporatist concepts such as organicism, social hierarchy and the common good before individual interests served to reinforce the NSDAP's leadership-oriented ideology. 4) The radical faction within the party who advocated corporatist proposals was accommodated and thus the unity of the party was maintained.

The corporatist proposals, however, were not put into effect after the NSDAP came to power in 1933. In fact, they were abandoned by Hitler as early as 1930. In May 1930, in the course of a debate in Berlin with Otto Strasser, then leader of the left-wing of the party, Hitler disclaimed any intention of conducting 'dangerous financial or economic experiments' that would disturb business leaders in the event of his securing power.

In 1934, Walter Heinrich, a member of the Spann school headed an organization called 'Institut fur Ständewesen' in Düsseldorf to train future leaders. In the same year, 'Bureaus for Corporative Organization of the Party and the Labor Front' were founded by Max Frauendorfer. By 1935, however, both Spann-Heinrich proposals and Frauendorfer's ideas were cast aside and the institutions that were set up were abolished.

The Labor Front which had originally intended to organize all employers and employees as a corporative organization did not succeed, either.
Its initial function was to insure 'social harmony' by reconciling the interests of employers and employees, but in fact it could only organize the employees. Robert Ley, the head of the Labor Front, instructed his subordinates to go slowly in organizing employers. The corporative order was first to be introduced in the plants and built from the bottom upwards.

The Labor Front organized all gainfully employed persons outside civil service and comprised all blue-and-white collar workers. The leaders of the Labor Front were selected from among party officials. Thus, it served as a dependent political organization which dominated labor but could not organize employers. Its function became to promote a 'social policy', meaning the supervision and political control of employees, but to refrain from engaging in the formulation of any economic policy. The latter function was given to business organizations. Thus, we see that Feder's dream of setting up an 'Economic Council' comprising employers and employees which would control production was not fulfilled.

The failure of the efforts to organize business organizations and the Labor Front as equal partners was due to the resistance of the former, as evidenced by the 1935 Leipzig Agreement. The purpose of this agreement was to provide for mutual cooperation and for a division of functions between the two organizations. A new system of chambers of labor was devised in which both organizations were to discuss mutual problems. Yet the business organizations never participated
in these chambers which became a mere appendage of the Labor Front.

Turning to the 'estates' (Stände) created in the Third Reich, we again see that corporative proposals only remained on paper. It will be remembered that artisans and craftsmen specifically asked for the formation of guilds to govern their own affairs, topped by an estate of handicraft. They also demanded the right to fix prices and regulate the markets. When the Nazis assumed power, they appointed party men as the leaders of the guilds. By monopolizing the leadership positions, they transformed the guilds into affiliated organizations of the party. Furthermore, the self-government of guilds, in terms of regulating the markets and fixing prices did not take place. A decree was issued in May 1934 by the Ministers of Labor and Economics, forbidding guilds and chambers to set minimum prices on essential consumer goods without permission. In the same year, when Schacht became the Minister of Economics, as representative of big business concerns, the power of the party over the Estate of Handicraft was lessened. Gradually, it came under the control of big business.

The other estates that were formed were either under the control of the Party or business organizations. The National Food Estate was formed under the control of the Party and included all agricultural organizations and trade. Taylor Cole in his article "Corporative Organization in the Third Reich" states that "...in reality the Food Estate was an enormous state cartel which controlled the transmission of agricultural products from the producer through the processor and
The National Chamber of Culture was also controlled by the Party. A third estate, the National Economic Chamber was controlled by the Ministry of Economic Affairs, which in turn was controlled by Schacht who was the representative of big business interests during the period 1933-1936. (For the purposes of this study, we are not concerned with the period after 1936, because in 1936 corporatism was officially abandoned.) The fourth and last estate formed in the Third Reich is the Estate of Industry. This estate was established in June 1933, comprising Employer Associations and the Reich Association of German Industry. A preliminary law for the business associations in February 1934 introduced the principles of compulsory membership, of unity of representation and of appointed leadership. All forms of economic activity were put into separate organizations that broke down the formerly united industry into seven craft-like unites. However, after Schacht became the Minister of Economics, this move to impose a guild organization on big business was halted. His decree on the organization of the economy in November 1934 called a stop to all attempts to organize guilds in industry and trade. Thus, big business maintained its economic organizations independently of any compulsory party organizations. It is clear from the above facts that the estates that were formed were essentially state-controlled agencies which had administrative functions, rather than policy-determining functions, if they ever functioned.

In 1934, the oligarchic clique of the Party reinterpreted its stand on corporatism. Point 25 of the Party Program on corporatism, it was
said, had to be understood in the light of the prevailing situation of 1920. In the Third Reich, the Fuhrer had decided that the corporate order could come only after an extensive education of the German people. In 1936, corporatism was completely abandoned when the offices responsible for corporatist organization were officially dissolved as superfluous. It is also significant that the party leaders who wrote on corporatism did not remain in power after 1933. Gregor Strasser broke with Hitler after 1932 and Gottfried Feder's activities were substantially reduced in 1931. The latter was powerless after 1934.

Why was corporatism abandoned in the Third Reich? If corporatist proposals appeared in the original Party Program and were promised to be put into effect if/when the NSDAP came to power, the reasons must be sought why they were denounced.

In my view, one of the weaknesses of corporatist theory lies in the fact that it does not provide an adequate interpretation of the role of corporations within the state and the relationship of the corporations and the state. This renders the application of corporatism very difficult, if not impossible. It is given that corporations are intermediary institutions, that their primary function is to mediate between the private interests of individuals and the 'common good' of the people in order to achieve social harmony. However, the state's role within this scheme is very precarious. The state may easily absorb the corporations and make them its organs under the guise of 'super-
vising them, as it happened in the Third Reich. A theoretical solution to this problem would be the one that was offered by Hegel. The corporations would need the recognition of their autonomy by some higher body, i.e. the state. In turn, the state would owe its power and existence to the recognition of each corporation that its particular interests are maintained by the state. Whether this can also be a practical solution cannot be dealt with here. The problem that remains is that corporatism can be deemed applicable within an absolutist state, as well as a federalist state, depending on the interpretation of the role of the corporations. My contention is that the NSDAP could propose a corporative organization that would provide a division of authority between centralism and federalism, as well as a central parliament with unlimited power due to this weakness of corporatist theory. But a corporative organization could not be applied to reality within an absolutist state and the corporations were bound to become organs of the state.

We might examine the Romantic Volkish theory to see how this shortcoming was dealt with in theories that appealed to the NSDAP. Volkish thinkers demanded a corporative organization side by side with a strong national leader. What they did not realize was that the will of a strong leader might wipe out the autonomy of the corporations. The danger that the Volkish thinkers saw was in the diversity of corporations which could lead to the disunity of the nation, whereas a strong leader would bridge
this diversity and unite the nation by virtue of his charismatic leadership. However, they did not see that the will of strong leader would render the corporations futile by overriding their norms. In other words, if a strong leader could unite the people by his charisma and sharing of Volkish values and can demand absolute obedience from the people, then there is no need for any mediation between the people and the state, which is now symbolized by the leader.

A second weakness of corporatist theory, specially of those that influenced the NSDAP, is its lack of concern with economic issues. This is a paradox because corporatist theory, at the same time, proposes an economic reorganization of society. However, since the primary concern of corporatist theory is 'social harmony', economic inefficiencies were preserved in the interest of social harmony. Instead, corporatist theorists sought to reconcile conflicts on a moral and spiritual level and could not offer any concrete proposals for economic reorganization as they basically advocated 'spiritual and attitudinal change' to achieve social harmony and stability. This is especially true of the Romantic Volkish theory and Othmar Spann's theory which influenced NSDAP theorists. Therefore, it is not surprising that Nazi corporatist proposals were inapplicable on a concrete, economic level.

This lack of economic guidelines understandably caused considerable confusion for those National Socialists who were in favor of a corpo-
rative organization. The degree of confusion is demonstrated by the fact that a competition was organized for the best work written on 'What are estates?' (Was sind Stande?). Opinions on how a corporative organization would be set up varied widely. Feder envisaged a 'true corporative organization' based initially upon the necessities of food, clothing and shelter. Dr. von Renteln, the President of the Diet of Industry and Commerce, viewed the Chambers of Industry and Commerce as the central agencies of the coming corporative organization. Development along the lines of Italian corporatism was also occasionally advocated, but priority was claimed for the German corporatist ideas. In short, as Sombart suggested, an estate could be formed based on class membership, based on membership in a branch of the economy or based on all who produce, from the peasants on, through dealers and banks, to the conserve and sausage manufacturers such as in the Food Estate.

Besides the vagueness of corporatist theory regarding the role of corporations within the state and the actual setting up of a corporative organization, its third weak point is its vulnerability to diverse interpretations by different social groups. Corporatism was proposed as a remedy for class conflict and for keeping the traditional social groups intact within an industrialized society which threatened their status. Some proposed to return to the social system of the Middle Age by bringing back the guilds and estates. The Volkish thinkers,
for example, proposed to bring back medieval corporatism, i.e., the medieval guild system, while the aristocracy, such as Von Papen and Edgar Jung, demanded the reestablishment of its powers based on heredity, tradition, and culture, in other words, the reestablishment of the estate system. Others, such as Othmar Spann, were more concerned with preserving the existing social order and preventing class conflict by bringing employers and employees together in corporations where they would work harmoniously.

After this examination of the nature of corporatist theory, a further factor to be considered in explaining why corporatism was dropped in the Third Reich is the state of the German economy and the power of big business concerns. By 1933, Germany was a fully industrialized country; employers organizations controlled the labor market, and big business lobbies aimed at placing the legislative, administrative, and judicial machinery at the service of monopoly capital. In these circumstances, it was clear that a guild-like organization of the economy or the sharing of the control of production by employers and employees were going to be very difficult, if not impossible, because both were against the interests of big business concerns.

The inflation of the early 1920's had permitted entrepreneurs to build up giant economic empires at the expense of the middle and working classes. Foreign loans that flowed into Germany after 1924 gave
German industry the liquid capital needed to rationalize and enlarge their plants. Trusts, combines and cartels covered the whole economy with a network of authoritarian organizations. Thus, the corporatism of the 'Mittelstand' was dropped as the NSDAP needed the support of these organizations. Arthur Schweitzer in *Big Business in the Third Reich* notes that as the middle classes became more Nazified, the Party leaders became more property-minded and friendlier to 'German' capitalism. 'German capital' was deemed good because it was 'creative', whereas financial capital which was associated with the Jews was said to be 'rapacious'. This distinction made clear that the Nazis had no intention of destroying the capitalist order and setting up a new economic system organized along guilds.

In 1932, even before the NSDAP came to power, the economic policy of the Party was revised to accommodate the wishes of the business leaders. Thus, the corporatist proposals in the 1920 Program were doomed even before Hitler acquired power. The new points that were included in 1932 were: 1) the elimination of unions and managerial freedom of employers within concerns. 2) a program of public works and rearmament which would lead to recovery and many orders for business concerns. 3) the entrusting to the leaders of big business the task of directing the economy through the economic organizations under their control.

In return for these promises, the Party received the financial aid and political support of many business leaders. T.W. Mason in his
article "The Primacy of Politics - Politics and Economics in National Socialist Germany" observes that the seizure of power by the National Socialists would hardly have been possible without the support of considerable circles in heavy industry during the years of crisis.\(^{32}\) This view is seconded by F.L. Schuman in "The Political Theory of Fascism" who wrote that "In May 1930, in the course of a debate in Berlin with Otto Strasser, then leader of the left-wing of the Party, Hitler disclaimed any intention of disturbing business in the event of his securing power."\(^{33}\) Schuman also remarks that the radical economic proposals of the original program have repeatedly been reinterpreted to assure the business world that no dangerous financial or economic experiments were to be anticipated from a Nazi government.\(^{34}\)

When Hitler did come to power, the left-wing of the party was prevented from applying the original corporatist proposals to reality by the oligarchic clique of the Party in collaboration with business leaders. The latter fought to preserve their power and independent business organizations against the party-controlled 'estates'. As a result of the Schmitt-Hitler Agreement, they succeeded in securing control of the ministries of economics, finance and labor. In short, business leaders resisted the organization of the economy along guilds, as well as the incorporation of their organizations within the Labor Front and thus kept their economic power and independence. As S.J. Woolf remarks in his article "Did a Fascist Economic System Exist?":
"The existence of large private industrial complexes could only be challenged by massive direct state intervention in the economy, and then at considerable risk of upheaval and loss of skilled personnel. Thus, despite the sporadic protests of the fascist left wings, the regimes rapidly abandoned any attempt to radically change the existing structure of economic power, and endeavored instead to turn this structure to the service of politically motivated economic aims." 35

This seems to be a true assessment of the situation in Germany and also brings us to the last reason why corporatism was dropped, namely because it contradicted the 'politically motivated economic aims' of the oligarchic clique.

It is clear that Hitler himself was not interested in corporatism, as evidenced by the purge of left-wing leaders, as well as his following words:

"I had to let the party experiment with the corporate idea. I had to prove experimentally how far things had gone and whether there was anything to achieve there. You can understand that I had to give people something to do. They were full of fire, I had to offer them something. Well, let them have a crack at it. After all, the corporatist organization is not so important that it could do much damage." 36

Hitler's goals were to attain military and political equality with other European nations and rearmament which entailed the availability of all the sources of the nation for an active military policy.
These aims coincided with the interests of military and business leaders and contradicted the interests of artisans and craftsmen who wanted corporatism. Although the NSDAP paid lip-service to the protection of the 'little man', the various measures for recovery and rearmament necessarily favored the firms which could operate on a large scale. Consequently, it seems that corporatism was dropped because it did not promote the overall NSDAP policy of economic strength, military power and independence in the world.
CHAPTER II
Italian corporatism originated from the ideas of the radical right Nationalist Party which was formed in 1910 by Enrico Corradini and Gabriele D'Annunzio, and the revolutionary syndicalists who were mainly influenced by Georges Sorel. These ideas were merged under the name of 'national syndicalism' which formed the basis of the 'Italian corporate state' under Fascism.

Both the nationalists and revolutionary syndicalists shared the views of the elitist theorists, Pareto and Michels. Pareto believed that: "The ruling class or those who hold and administer public power will always be a minority and subordinate to them are the multitude of individuals who never, in any real sense, participate in a government but merely submit to it."¹ This view was reinforced by Italy's situation. Italy had become a unified nation in 1870 under the leadership of a newly emergent and numerically small middle class who appeared too weak to rule. Thus, the majority of Italians construed the state to be, at best the executive committee of the bourgeoisie, or at worst a self-serving 'camarilla'.² The manifest corruption in the Italian government also reinforced the view that the agencies of the state did not serve the general interest. Consequently, the central parliamentary government never succeeded in gaining the confidence of the vast majority of the population.

Pareto conceived of history as an endless transition of elites where one elite supplants another. This conception appealed to both
nationalists and revolutionary syndicalists. They both maintained that the cry of 'popular rule' was a piece of political fiction through which a minority sought to legitimize its rule. Both agreed that society had entered a period of revolutionary transition and insisted on the virtue of struggle. They stressed the concept of a 'myth' to mobilize support by making strategic appeal to 'moral sentiments' in order to gain tactical advantage in a political struggle.  

Nationalists agreed with Pareto that "Humanitarianism and reluctance to use force were the sure signs of an elite in decline; what was needed was a new ruling class, a revived, strong bourgeoisie which would rescue Italy from Giolittian stagnation and would succeed in integrating the masses in the state where earlier elites had failed." The two possible reasons for the above conception are the following. First, in 1918, at the Treaty and peace conferences, President Wilson set himself against Orlando's claims as to the distribution of territory between Italy and Yugoslavia. Italy lost some of what it claimed. Because Orlando was a liberal, Italy's loss was used as evidence for the bankruptcy and treason of liberals, with regard to the 'sacred cause of the nation'. Second, the revolutionary direction of the growing Socialist movement provoked a rightist reaction among the establishment. In 1919, the Socialists became the largest parliamentary party. The middle groups began to disintegrate. Thus, the Nationalist Party, supported by the army and heavy industry, proposed a strong bourgeoisie which would succeed in integrating the masses in the state. In order to integrate
the masses in the state, it was necessary to eliminate class struggle. The nationalists proposed to eliminate class struggle by transferring it to the international plane, perceiving a conflict between 'proletarian' and 'imperialist' nations. In this way, the identification of the nation with its bourgeoisie could be wiped out and the Italian proletariat could be integrated into the national community. If class struggle was to be eliminated, making the 'nation' the central concept, it was also necessary to replace class syndicalism with 'national syndicalism', whereby syndicates would be made to work for the 'national interest' instead of 'class interest'.

Revolutionary syndicalists, on the other hand, supported Pareto's detestation of parliament and his conviction that political ideologies cannot be measured by criteria of objective truth but only by their greater or lesser effectiveness in moving men to action by way of 'myths'. For Sorel, the main protagonist of revolutionary syndicalism, a revolutionary social element could only accede to dominance if organized and directed by an elite which effectively mobilized sentiment through a compelling social myth or a unifying political formula which, in itself, was not true in any cognitive sense. In other words, the descriptive content of the myth was not significant in itself, but insofar as individual and collective action was governed by it as if it were an objective possibility. Since Sorel's myth could deliver a sense of solidarity and conviction to a specific sect, social stratum, class or
nation, endowing them with a 'sublime sense of commitment and dedication', it followed that any contending social element which advocated an alternate view of the future could adopt it. Not only a class, but all collective activity required an organizing myth. Sorel applied his analysis to the organization of the proletariat because he conceived the proletariat as possessed of elemental energy. But by 1910, his disillusionment with syndicalism led him to associate himself with the nationalists of the Action Française. We see that Sorel himself switched easily from revolutionary syndicalism to nationalism, opening the way for national syndicates, instead of class syndicates.

The basis of the Fascist corporate state was formulated by Alfredo Rocco, the chief nationalist spokesman on economics, who proposed a new 'corporative' order to organize the forces of production. It is important to note, however, that the 'national syndicalism' of the Nationalist Party and that of the Fascist Party were quite different before they adopted the same stand at the National Congress of the Fascist Party in 1921.

The nationalists thought that socialism was maladapted for underdeveloped countries like Italy. Italy did not require internal class warfare which could only undermine her international position still further, as the international setbacks that Italy had suffered because of the ineffective parliamentary regime and its underdeveloped status
already put her into a weak position. Therefore, the national goal could only be to turn Italy into an economically and politically powerful nation. This could be achieved by national syndicalism, i.e. by the collaboration of all classes within the nation who would work together to increase production and turn Italy into a fully industrialized nation.

Alfredo Rocco, the chief nationalist spokesman on economics, recognized that syndicates were essential but insisted that they be placed under the control of the state, which must lay down their precise functions in order to achieve national aims.

The original economic program of the Fascist Party before it came to power was quite different from Alfredo Rocco's proposals. It contained both nationalist and syndicalist elements, appealing to unemployed workers, war veterans, landless peasants as well as landowners, industrialists and imperialists. As Mussolini said: "We are reactionaries and revolutionaries, aristocrats and democrats, conservatives and progressives." When he spoke of corporatism, it was only with a vague idea of 'associations in which industry and labor would collaborate' and the 'right of such associations to political representation'. In other words, the first program of the party sought to accommodate both leftist and rightist elements and did not show any indication of subordinating syndicates to the control of the state and suppressing the working class, as was later done in the Fascist state.
42.

After 1921, the leftist elements of the early Fascist Program were given up. At the National Congress of the Fascist Party, Mussolini spoke of his support for the army, landowners, monarchy, industry, nationalism and the sanctity of private property. After the march on Rome in 1922, the period of 1922-1925 denotes the first stage of corporatism or 'integral syndicalism' when the Party attempted to eradicate all non-Fascist unions and subject both workers' unions and employers' associations to government control. The following stage denoted the formation of 'corporations' comprised of employers and workers who would together control production. The task of formulating the legislative basis of the new corporative order was conferred on Rocco, by Mussolini.

The name 'corporation', as it appeared in the 1926 syndical laws formulated by Rocco, designated a central government agency established as the connecting link between employers' and workers' syndical organizations. It would be a board or council formed by the representatives of the higher employer and employee organizations existing within the major fields of national production; as such it was to be authorized to enforce regulations on collective labor relations and on the coordination of production. Up to 1930, no corporation as defined by Rocco came into existence. Nonetheless, the laws were prepared and presented. The law of 1926 created thirteen national confederations of legally recognized syndical associations: six representing employers,
an equal number representing the workers, and one representing professional men and artists. However, there were no 'corporations' that linked them.

The obvious inefficiency of the proposed corporative order prompted the drawing up of a Charter of Labor, which was taken up by workers' unions eagerly. It was hoped that the Charter would establish guarantees of the workers' rights enforceable by law. However, it was not issued as a decree-law or as the draft of an act of Parliament, but as 'a statement of intent' affirming certain principles without binding force. For our purposes, it is significant as the description of the 'intended' corporate state.

The Charter states that: "The corporative state considers private initiative in the field of production as the most efficacious and most useful instrument in the interest of the Nation. Since the private organization of production is a function of national concern, the organizer of the enterprise is responsible to the state for the direction of production." It was also added that the intervention of the state in economic production occurs only when private initiative is lacking or is insufficient or when the political interests of the state are at stake. Because of the vagueness of these statements, it was unclear where the power of private enterprise ended and the control of the state over production began.
The Charter exalted labor without giving any actual power to it. Instead of being called the Charter of Labor, it could probably be called the Charter of Nation, stated in vague, grand words such as the following: "The Italian nation is an organism endowed with purposed, a life and means of action transcending in power and duration, those of the separate individuals or groups of individuals which compose it. It is a moral, political and economic unity which realizes itself completely in the Fascist state."¹⁰

It has been mentioned earlier that no corporations came into existence until 1930. In 1930, a National Council of Corporations was set up, made up of seven sections, six of them composed of the representatives of six pairs of confederations of Fascist employers' and workers' associations and the seventh of the representatives of the thirteenth confederation of professional men and artists. The Council included ten ministers and undersecretaries, about forty high officials, ten 'experts' chosen by the Minister of Corporations and about a hundred members designated by the national directorates of the thirteen confederations according to Fascist procedure, i.e. the president chooses and announces the names and the directorate agrees. The Council was to perform the following functions: 1) Conciliate controversies arising among affiliated organizations. 2) Promote, encourage and subsidize all efforts aiming at the coordination and improvement of production.¹¹ A general assembly of the National Council of
Corporations was empowered to formulate binding rules for the coordination of activities of the various branches of national production and thus, in effect, regulate the economic plans and programs which the assembly would work out and approve if all associations concerned were in agreement. The National Council of Corporations was destined to be, as Mussolini put it, "the general staff, the supreme regulator of the Italian economy, the highest economic authority which would be ready and able to act on the major problems of the nation's economic life". 12

The Council did not fulfill its intended duties. Its activities consisted solely in giving advisory opinions which the government was not obliged to seek or follow when offered. G. Salvemini in Under the Axe of Fascism provides the following evidence on the activities of the Council:

"Only once in November 1931 was the Council asked to express an opinion on a question of vital importance - the problem of exports and imports. The Council discussed the subject with great solemnity, Naturally, there was a clash between the free trade group and the protectionist group. Mussolini ended the discussion by declaring himself to be in favor of the protectionist regime. This discussion took place two months after a royal decree of September 24, 1931 had imposed a duty of 15% ad valorem on all imported commodities. The discussion therefore could not have any practical importance whatsoever. It was merely Mussolini's one of little jests." 13
The fact that the Council had only an advisory function was even wit-
nessed by the strongly pro-Fascist Rome correspondent of the New York
Times. On November 19, 1933, he wrote: "Hitherto, the National
Council of Corporations has had no legislative power, its functions
being advisory. Its transformation into the principal legislative
body will represent a great step toward the realization of the
corporate state, which has always been among the Fascists' aspirations."  

Up to 1934, no corporations as such had come into being, although
there was a Council of Corporations. The corporations that were
finally established in 1934 were composed of an equal number of
representatives of workers' and employers' syndical associations,
a small number of technical experts and representatives of the Fascist
Party. The corporations were organized vertically including repre-
sentatives of all economic activities involved in a complete produc-
tion cycle, beginning with the processing of the raw material to
the marketing of the finished product. The twenty corporations that
were formed were divided into three groups: 1) corporations represent-
ing branches of economic activity which involve agricultural, indus-
trial and commercial operation. 2) corporations representing economic
activities involving industrial and commercial operations only. 3) cor-
porations representing enterprises established for the performance of
services.

The law of 1934 empowered the corporations to elaborate rules for
the collective regulation of economic conditions and for the unitary
discipline of production. According to the government, this power made of the Corporation the instrument of auto-discipline and control of the economic activities; it marked the definitive passing beyond the system of economic liberalism to that of corporative economy.16

The powers granted to corporations were never exercised. As William Welk in Fascist Economic Policy points out: "Despite the independent normative powers conferred upon the corporations by law, they are, in actual fact, little more than advisory organs, whose recommendation may or may not be accepted by a central government with which all final decisions rest."17 According to Adrian Lyttelton, those final decisions were not taken independently by the government either. He remarks in The Seizure of Power – Fascism in Italy that: "The legal corporation never had the practical importance in planning which was attributed to it by theory and propaganda, but the employers' associations, whose monopoly had been given sanction by Fascism remained genuine centers of power."18

Why was corporatism not implemented in the sense that corporations never had the power attributed to them? Here, it is useful to consider the inherent contradiction in corporatist theory, as well as the distinction between fascism and corporatism.

Alfred Stepan in State and Society – Peru in Comparative Perspective explains the contradiction in corporatist theory in the following manner:
"Organic statism* may represent a desirable balance between the two poles of classic liberalism and command socialism, in actuality, it too contains inherent predicaments as a model. On the one hand, the statist component of the model implies a strong role for the state in structuring society so that it conforms with the model's assumption of functional parts that are perfectly integrated into a soli­
daristic whole. On the other hand, each of the parts is theoretically self-managing, so that there is a high degree of participation within state-chartered organic structures. The predictable distorting tension in the model is that in the initial construction of the system from above, the state, in order to ensure integration and control, builds such strong control mechanisms into the new state-chartered functional groups that the meaningful participation posited by the model never becomes a reality."  

The distorting tension in the organic statist model mentioned above is observable in Italy's case. Italy's corporatist structure was imposed from above by the Fascist state in order to ensure integ­
ration and control which, in turn, severely restricted autonomy and participation.

The distinctions between fascism and corporatism also serve to explain why the power of corporations remained on paper. The state

* For Stepan, organic statism is a model like classical liberalism and command socialism and has frequently provided the guidance and rationale to corporatist policies. For our purposes, organic statism can be used interchangeable with 'corporatist theory' as has been done throughout this study.
in fascism is presented as being without checks, as evidenced by Mussolini's following words: "The foundation of Fascism is the conception of the State, its character, its duty and its aim. Fascism conceives of the State as an absolute, in comparison with which all individuals or groups are relative, only to be conceived of in their relation to the state."²⁰

In corporatist writing, the state is of course given a major role in bringing about an integrated society, but this society is one in which the component parts are accorded their own spheres of action that should not be eliminated. Fascism, on the other hand, united the doctrine of the omnipotent state as the source of all law and the point of reference for all values with the doctrines of corporatism which originally had evolved out of the resistance to the growth of modern centralized government.²¹ Originally, the corporations or guilds had been idealized not only as an instrument of social discipline but also because they protected individual rights and privileges against the overriding power of the state. For Alfredo Rocco, however, the corporation was an instrument in ensuring the individual's subordination to the state. The corporative principle meant that the individual must be subjected to the 'collectivity' and the 'collectivity' to the state. The state in Fascism, then, did not exist in order to reconcile or protect individual interests or rights, but conceded the satisfaction of the latter only as a means of realizing its own ends,
defined as external power.

Another distinction between corporatism and fascism is that fascism has a 'leader principle'. As Adrian Lyttelton points out: "Alfredo Rocco's whole framework of legal institutions were designed to serve a single political will. In his insistence that the power of the state should be unfettered, he failed to perceive the danger that the will of the dictator would, by overriding all particular institutions, disorganize them." In the Italian Fascist state, the corporations could not discuss any measure unless they were previously authorized to do so by Mussolini. Mussolini himself fixed the time and subject matter of the discussions within corporations, formulated their decisions, determined their method of voting and decided whether their discussions were to be kept secret or to be communicated to the press.

In short, it is clear that contradictions within corporatist theory, as well as the distinctions between fascism and corporatism impeded the application of corporatism as stated in the laws.

A further problem that Italian corporatism faced was the tension created between the private interests of industrialists' associations and the Fascist state which aimed to turn them into obedient instruments of the regime by integrating them into the corporations. The dilemma of the Fascist state was that it had committed itself
to a 'corporatist economy' that was 'neither capitalist nor communist' by replacing private initiative with overall public regulation through corporations in economic life, but at the same time retained the marketplace as the basic mechanism for distributing goods and services. Thus the Fascist state retained a system that was heavily dependent on entrepreneurial initiative and market flows which made the integration of industrialists' associations into corporations very difficult, if not impossible.

The attempt of the Fascist Party to implement corporatism and the opposition of the industrialists' associations are evidenced by the following events. In 1923, the representatives of the Fascist workers' and employers' organizations were called to a meeting at the Chigi Palace in Rome, where they agreed that, henceforth conditions of labor should be settled through peaceful negotiation rather than through the traditional methods of class struggle. The syndical organizations would also be intensified and made more cooperative in order to assure that both labor and capital would have the "best possible conditions for the development of their functions and the most equitable compensation for their work". This agreement resulted in the consent of the Confindustria (Confederation of Industry) to recognize the Fascist unions. In return, the industrialists were reassured against the dangers of union militancy by the promise that unions would continue to be directed from above by their secretaries, who would be selected by the Party.
By 1925, non-Fascist unions were eradicated and absorbed by the Fascist unions, leaving the latter as the sole representatives of workers. By the Palazzo Vidoni Act in the same year, the industrialists recognized the Fascist unions' claim to monopoly. In return, the Fascist workers' unions recognized the Confindustria as the sole representative of industry. However, this did not signify that all problems relating to industry and corporative organization were solved. Confindustria was still left outside the sphere of government control, whereas the corporative program envisaged both industrialists' and workers' associations to be subordinated to a single, unified system of control. Otherwise, as Fascist syndicalists pointed out, the workers' unions, caught between the political needs of the government and the resistance of independently organized industrialists would have no possibilities of life.

The Confindustria, backed by the majority of industrialists, remained firmly opposed to entering a single organization together with the Fascist unions. The Palazzo Vidoni Act had been a victory for the Confindustria, because it barred strikes and made the arbitration of labor disputes compulsory, to be undertaken by a Labor Magistracy. Thus, Fascist unions could no longer conclude collective agreements or conduct strikes, while the Confindustria's
power was strengthened because it became the sole representative of industry in its dealings with the public administration. It prevented the application of the regulation which had given the Labor Magistracy the right to make enquiries into the costs and methods of individual firms. In this way, the Magistracy of Labor was shorn of its most essential prerogative. It was forced to accept the employers' pleas of poverty and the necessities of production at their face value and to make its judgments in the dark.

In short, the Confindustria resisted being integrated within corporations. Most industrialists were suspicious of state planning and guidance of the economy. Centralized state planning and the overall public regulation of economic life was considered 'socialistic', and without a revolutionary shake-up, it would be extremely ineffective, given the deficiencies of the public bureaucracy compared with the much more efficient and highly paid staff of the industrial associations. As S.J. Woolf commented in his article, "Did a Fascist Economic System exist?":

"The existence of large private industrial complexes could only be challenged by massive direct state intervention in the economy, and then at the risk of considerable upheaval and loss of skilled personnel. Even then, the close connections between the commercial banks and industrial complexes would have made it difficult effectively to combat the predominant influence of the complexes."
The above quotation indicates that within the existing economic structure of Italy, the intended corporative organization would have been impossible to realize. In fact, the formal mechanisms of the corporate state were bypassed both by Mussolini's government and by the informal agreements among industrial groups. The power of the industrialists' associations in impeding the corporative organization was admitted by Mussolini himself in 1944. He wrote that: "Twenty years of experience had taught Fascists that the state could not limit itself to the functions of mediation between classes because the substantially greater force the capitalist classes were capable of deploying rendered inoperative the juridical equality upon which parity was predicated; this superior force permitted the capitalist classes to dominate, and turn to their own advantage, every action by the state". 25

A final problem that Italian corporatism faced was the lack of a unified perception of what it was and how it was going to be implemented. The official view held by Mussolini was to introduce 'attitudinal change', leading to the creation of the 'corporative man'. The corporative man was going to be endowed with a feeling for the higher interests of the national collectivity. The corporative society would see that private property should serve, not the egoism of the proprietor, but the well-being of the community and the power of the state. The motive force of the society was going to be 'public interest' rather than 'private interest'. 26
A second view of corporatism held by more radical members of the Fascist Party contained socialist and antibourgeois elements. According to this view, the corporate state meant complete state control of production and distribution, through the medium of corporations, consisting of employers and employed, who would together own the capital of their particular branch of production. The employer would then be transformed into the salaried director at the head of the productive pyramid.

The industrialists' associations held a still different view of corporatism. They maintained that the corporations could make inquiries, collect statistics, organize the employment bureaus and social welfare, but they were not supposed to interfere with the individual enterprise. If they were to have any power of supervision and coordination 'in the interests of production', a long-distance control was preferred, and the longer the distance, the better. As Eric Tannenbaum in The Fascist Experience remarks: "The ruling economic class did not consider the corporations as innovating forces but rather as decorative legal props for existing capitalist arrangements".

The results we can draw from the preceding analysis as to why the corporations remained powerless are in line with Alfred Stepan's
following observation:

"Partly because of the inherent tensions in the abstract model of organic statism, in most concrete cases of regimes that initially announce organic-statist principles, there is a political tendency to move toward greater control over groups via manipulative corporatist politics (especially with regard to working class groups) than is theoretically posited in the model, and there is a tendency in economic policy to allow greater entrepreneurial freedom for capitalism than is posited in the model." 29

In the case of Italy, 'organic-statist' principles such as 'social harmony', 'unity' and 'class collaboration' were utilized for the purpose of smashing the power of the working class and integrating them within corporations. In other words, these principles performed the function of a 'myth' to solve the problems of class conflict and national economic poverty, and provided the ideological rationale for a more organized form of capitalism.

The Italian Fascist state's attempt of installing corporatism could be classified as 'exclusionary'. According to Alfred Stepan, inclusionary and exclusionary corporatism are elite responses to perceptions of crises of participation and control, and both endeavor to use the power of the state apparatus to forge a new state-society equilibrium. 30 Inclusionary attempts are most likely when oligarchical domination is beginning to erode under the pressures of early modernization, where political mobilization, although increasing, is
still relatively limited and uninstitutionalized, and where the
industrialization process is still at an early stage. An exclusionary
attempt, however, is most likely under the following conditions:31

1. Political mobilization is more intense and ideologically diffe-
rentiated than that which precedes inclusionary attempts. The
elite that assumes control of the state apparatus, fearing a
crisis of intense internal conflict, attempts to expand the
scope, penetration and coercive capacity of the state apparatus
so as to impose a new order on the political system. The state
elite attempts to exclude from the political arena a variety of
relatively autonomous, largely working-class based institutional
structures capable of resisting their political design, and then
seeks to reintegrate the excluded groups into associational or-
ganizations designed and controlled by the state.

2. In a context of intense political mobilization, the 'crisis'
of further development is perceived by the elites who assume
control of the state coercive and planning apparatus (and nor-
mally by their private sector allies) as one in which further
national development - especially public and private invest-
ment planning - requires the expansion of the scope and subsequent
controlled reintegration of the workers referred to above so
as to lower the capacity to make demands to impede the implementa-
tion of the state's politico-economic development design.
The above two conditions seem to a large extent to be present in Italy's case. Clearly, exclusionary corporatism is not found solely within a fascist regime. But attempts of exclusionary corporatism within a fascist state is possible if the above conditions exist. In other words, the specific characteristics of Italian Fascism and the conditions required to install an exclusionary corporatist regime are not mutually exclusive.

Italy in the 1920's was in the process of industrialization which had begun in the decade before World War I. The aspirations of the Fascist state, for an industrially underdeveloped country like Italy, to achieve international power and prestige could only be realized by increased national production, i.e. rapid industrialization. However, rapid industrialization, within an atmosphere of intense ideological conflict such as Italy was in, was difficult to realize under the same elite structure unless the scope, penetration and coercive capacity of the state apparatus is expanded so as to exclude from the political arena a variety of relatively autonomous, largely working-class based institutional structures. In Italy, the traditional Italian bourgeoisie in the 1920's was isolated, fragmented and was unable to deal with powerful labor unions. It was also anxious to retain its social and economic position against the rest of society. It conceived of
itself as both rightfully influential and very threatened by the advent
of socialism, but it could not seek privilege or protection through
the old political mechanisms. Thus corporatism remedied a defective
organization of the middle class and elite elements, by excluding
independent labor unions and reintegrating them into corporations
designed and controlled by the state.
CHAPTER III
Our hypothesis is that corporatism in Italy served various purposes in furthering the goals of the Fascist state, whereas it contradicted with the Nazi goals and therefore was discarded. Before attempting to verify this hypothesis, it is useful to describe the common elements that the two versions of corporatism shared. Then, we can examine their differences in terms of their origins and the purposes they served in order to prove the above proposition.

The basic ideas of corporatist theory that provide a common denominator for Italian and German versions of corporatism are the following: First, corporatism holds that economic interests are among the most important for most people and therefore society should be organized along economic, i.e. occupational lines. Second, it accepts the principle of private property and far from admitting a class struggle between owners and workers, insists on the naturalness as well as the necessity of class collaboration. Third, it proclaims the organic and hierarchical nature of society and claims as its justification a higher measure of social equity and harmony. Fourth, it opposes both classical capitalism and Marxist socialism on the basis that they have failed to provide social harmony.

Starting from these basic tenets of corporatist theory, we can point out to some common corporatist elements in both Nazism and Fascism. Both emerged as a reaction to classical capitalism and Marxist socialism;
both continually reiterated their determination to replace class conflict by class collaboration in the national interest. Both proposed corporatism in terms of occupational representation as an alternative to liberal democracy and Marxist socialism. Finally, they both accepted the basic tenet of capitalism, the principle of private property, but rejected capitalist ideology.

It is also important to note that corporatist views were put forward as a solution by the nationalists in both Italy and Germany. At the end of the nineteenth century, the nationalists, such as d'Annunzio and Corradini in Italy and Paul de Lagarde and Moeller van den Bruck in Germany, presented corporatism as a way of achieving national unity and overcoming regional and class divisions. Their arguments possibly acquired more salience because of the late unification of both countries and the inefficiency of their liberal democratic systems. Prior to World War I, the experience of both countries with pluralistic integration was limited to pseudo-constitutionalism. In Italy, the oligarchical suffrage laws, the lack of a party system reflective of the popular will and the corruption of politicians meant that the national parliament had failed to provide political brokerage service for the society. In Germany, the Bismarckian constitution denied real power to the National Parliament and thus encouraged it to function mainly on behalf of interest groups instead of deciding national policy. In this state of affairs, corporatism provided a means to overcome both the ineffective parliamentary democracy, as well as the threat of Marxism in favor of national unity and social harmony.
In spite of these similarities, however, German and Italian nationalists differed significantly in their conception of the application of corporatist theory to society. These differences provide an important insight to our understanding of the corporatist proposals of the Nazi and Fascist parties.

The German corporatist tradition started as early as the beginning of the eighteenth century as a conservative reaction to the French Revolution. It was a plea on one hand, to restore the tight organic system of estates and on the other hand, to bring back the medieval structure of self-governing guilds. As the German Nationalist van den Bruck thought, the return to the medieval corporative order required the dissolution of the bourgeois social and economic order. Corporatism was to reap for Germany the benefits of a communal society, benefits which the bourgeoisie had not been able to provide. It was basically this regressive, utopian view of corporatism, mixed with pseudo-socialistic elements that was reproduced in the 1920 NSDAP Program.

Nazi corporatism originated from the anticapitalistic, romantic ideology of the German 'mittelstand', the artisans, shopkeepers and tradesmen. These groups proposed a retreat to a pre-industrial age and medieval guilds; they sought to halt the growth of modern industry
and ultimately to dismantle it. In short, they sought an irrational and perhaps inobtainable social and economic harmony of interest that would bring back the communal society of the Middle Ages. However, the corporative order of the Middle Age was unique and could not be repeated. As the Medieval political thought held, the corporations were part of the Whole as well as Wholes in themselves:

"Medieval political thought started from the Whole but ascribed an intrinsic value to every Partial Whole down to and including the individual. It did not set the Whole before the Parts or the Parts before the Whole. Its peculiar characteristic was that it saw the Universe as one articulated Whole and every Being whether a joint-Being (community) or a single-Being as both a part and a Whole." ¹

In other words, in a social organism, the Whole is independent of the changes in its parts, but on the other side, the Whole only lives and comes to light in its members. This federalist structure clearly permitted the corporations to be autonomous, as well as be part of the Whole. But with the advent of the centralized state, state power became opposed to the medieval thought of a harmoniously articulated Universal community whose structure from top to bottom was of a federalistic kind. Therefore, the later formulations of corporatism had difficulty articulating a formula for the relationship of the corporations to the state.

The demands of the artisans, shopkeepers and small businessmen
lost their function and appeal in the process of the NSDAP's transition from a small counterrevolutionary sect with ideas fundamentally different from the society in which they existed to becoming a mass political movement living in a real political world and mobilizing a wide range of support in that world. In other words, when the Nazi movement became a mass movement, the romantic corporatist ideas of the middle class decreased in significance due to both the utopian nature of the proposals and the need of the NSDAP to accommodate more powerful groups in the society who were in a position to cooperate with the Nazi state in furthering the latter's goals. Besides, Germany by 1933 was a fully industrialized nation with organized interest groups who were completely and not surprisingly opposed to the 1920 economic program of counterrevolutionary anti-capitalism. To Hitler, corporatism was mainly a propaganda device to keep certain intellectuals loyal to the movement until he came to power. The aims of the Nazi government were rearmament and expansion of political and economical power which required the cooperation of industry instead of its destruction.

It might be suggested that the Labor Front functioned as a corporatist organization in the sense that it controlled the workers, like the corporations did in Fascist Italy. In my view, the Labor Front was a distorted adoption of corporatist theory to reality; the original Party Program did not envisage such an organization. It is important
to note that the original corporatism of the 1920 Program had nothing
to do with what was later defined as corporatism in the 1930's to
describe fascist economies. This new definition of corporatism entailed
the control of the economy through representative organizations of
industrialists or cartels, whose existing powers were reinforced by
legislation. This was typical of both fascist and anti-fascist econo-
mies.

Guillermo A. O'Donnell in "Corporatism and the Question of the State",
points out to the following characteristics shared by Italy and
Germany regarding the emergence and transformation of capitalism in
both countries: 2

1. the more dynamic and visible role of the state in comparison
   with the Anglo-Saxon countries
2. the difficulties of growth experienced by the national bour-
   geoisie without the active tutelage of a state that carries
   out entrepreneurial activiteis and is "interventionist" to a
degree unknown in the classic cases of capitalist development
3. the tendency toward the appearance of highly bureaucratized
   and expansive patterns of political authoritarianism
4. the "statist" content of dominant ideologies of societal
   organization and economic growth
5. the tendency to institutionalize mechanisms of control of the
popular sector, including at some point the statizing corporatization of its organizations.

In spite of the above similarities, there are clearly important differences in terms of the functions of corporatism between the two countries. In Italy, corporations were formed, whether they performed the initial functions assigned to them or not. And organic-statist principles constituted an important part of the Fascist state ideology. It seems that these principles were useful because the Italian bourgeoisie needed to restore 'social peace' and overcome the 'crisis' of further development in a context of intense political mobilization, while at the same time maintaining a surface manifestation of 'class collaboration'. The goals of the Italian bourgeoisie aimed at economic growth so that Italy could attain an internationally powerful status. Economic growth meant rapid industrialization, but rapid industrialization within an unchanged elite structure, could only be achieved by a surface manifestation of class collaboration. Insofar as fascism represented an attempt to arrest the dynamic of economic development and the social changes that brought with it by suppressing labor unions to keep the traditional elite structure intact, other priorities had to be valued higher as to make that dynamic irrelevant. This is precisely how corporatism functioned; it pushed socio-economic realities into the background by focusing on 'attitudinal change'. In other words, it performed the function of a 'myth' to solve the problems of class conflict and
national economic poverty.

Corporatism was advertised as having combined the benefits of the medi­

deval corporations which had harmonized the interests of workers and

employers in a common productive effort with efficient control and

regulation in the interest of the society as a whole which the modern

totalitarian state alone could provide. It did not matter that this

had not been the case. As Sorel said, the descriptive content of a

myth was not significant in itself but only insofar as the individual

and collective action was governed as if it were an objective and

accurate representation of some objective possibility. In this vein,

corporatism created the illusion that class harmony existed, that all

productive forces of the nation were made to serve the 'national inte­

rest'. The 'liberal man' who was greedy, selfish and isolated was

supposed to have been replaced by the 'corporative man' who was free

from material desires, was heroic, noble and comradely.

As the Fascist syndicalist leader Rossoni remarked: "Corporation is

not to be defined in legal terms; it is a state of mind, it is one big

family". In the same line, Paul Einzig in The Economic Foundations

of Fascism wrote: "What matters from an economic point of view is

that within the framework of the corporative system, a feeling of

solidarity between the apparently conflicting interests of various

groups has developed. The spirit of solidarity and cooperation created
by the corporate system has not confined itself within the limits of trades and professions included in the particular corporation, but it has become nationwide..." And according to Mario Palmieri in The Philosophy of Fascism, the corporative ideas was in fact the principle of Fascist ethics translated and applied to the realm of economics. According to the Fascist ethics, an invisible tie binds together all the people of the nation. If this is true, then it is also true that the terms of wealthy and pauper, capitalist and worker, landowner and farmer, employer and employee lose their antagonistic meaning altogether and remain to signify brethren in spirit if not in flesh, engaged from different angles, on different planes in the arduous task of building up a nation's life.

By creating the unifying myth of 'collaboration in the name of national interest', corporatism also served to hold the divergent forces within the Fascist Party and within the country together. This function allowed Fascist corporatism to operate as a tactic that could vary according to the needs of the movement; the label was used to cover a whole series of juridical and de facto arrangements during the late 1920's and 1930's. The name corporatism was loosely used to describe all the government's economic policies during the 1930's, thus confusing the juridical structure with day-to-day adjustments to the world situation. The adjustments were accepted by loyal Fascists as long as the magic label was preserved.
Furthermore, corporatism served to improve the prestige of the Fascist state in the international arena because it created the impression that corporatism had transcended both liberalism and socialism by creating a new synthesis.

In conclusion, it is evident that corporatism in Italy was implemented in order to serve as a myth, attempting to mask the realities of class conflict in a rapidly industrializing society. In Germany, on the other hand, the goals of the NSDAP leadership in power were not consistent with those of corporatism.
CHAPTER I


2. Ibid., p. 44.

3. The term estate (translated as "Stand" in German) has the general meaning of status, rank or station, but in historical usage, it commonly refers to one of the estates in the old regime, e.g. aristocracy clergy, etc. Estates in this form are orders or classes forming part of body politic and sharing government. Estate may also mean corporation or guild.

4. The term of corporation appears to have entered English as a loan word from the Romance languages. Where corporation (French) and corporazione (Italian) are the usual terms for guild. Guilds in the Middle Age were formed so that all individuals and interests in a trade of a town should 'geld' together, i.e. submit to joint taxation. Guilds also possessed monopoly of the local trade, set prices, fixed wages and hours.

5. The organic conception of the state derives from the assumption that valid comparisons can be made between a living body and a political community. It is held that in the social body, as in a living organism, the demands of the whole must come before those of the parts. Furthermore, just as all the parts of the body are not equally indispensable to the whole, so men are unequal in social capacity and hence, unequal in social worth. Just as the brain or will preside over the conscious activities of a human being, so the state must have a single head and a hierarchical organization of authority that corresponds to the subordination of lower bodily functions to the higher.

7. Ibid., p. 35.


11. Ibid., p. 281.


15. Ibid., pp.88-94.


17. Lane and Rupp, op.cit., p. 89.

18. Ibid., pp. 43-44.


20. Ibid., pp. 114-117.


22. Ibid., p. 88.


24. Lane and Rupp, op.cit., p. 34.


**CHAPTER II**


CHAPTER III


Sarti Roland, "Fascist Modernization in Italy: Traditional or Modern?", *American Historical Review*, April 1970.


