

“Italy remained poor and backward despite all of Mussolini’s  
Attempts to promote economic growth”

Mussolini had inherited an Italy with limited resources. The industrialisation of the north and modernisation of agriculture left the south behind with its mass poverty and lack of education. Mussolini believed in will power as a driving force in society. The battle for the lira, grain and marshes were used to mobilise the Italian people who struggled to achieve these targets.

In 1926 Mussolini engaged in the Battle for the Lira. In October 1922, the lira was fixed at 90 to the pound and had been falling rapidly since. The economy was deflated to drive up the value of the lira, however this drove up the price of Italian exports seriously harming the economy. Small firms were taken over by larger ones. This serious deflation caused government imposed wage cuts of 20%. The battles' good intention of returning economic stability was a lost cause that forced the government to devalue the lira in 1936.

The battle for grain in 1925 aimed to promote economic growth with autarky to reduce the need for grain imports and make Italy more independent. To make this possible high tariffs were imposed on imported grain and government grants were made available to farmers for machinery and fertiliser. Although cereal production doubled other forms of agriculture were hard hit, which raised the need for imports of meat and eggs. Italy became almost self-sufficient in grain but not fertiliser so cereal production fell during the war due to the restrictions on fertilisers.

It presented Italy as a unified nation, both workers and employers worked together in harmony to create a fairer society and increase national production. Corporations were organisations of all workers and employers in a particular area of production. These corporations were self governed and represented at the National Council of Corporations. However the representation was unbalanced employers represented themselves, but members of the fascist party represented the workers. Corporations discussed issues whilst Mussolini made the real decisions. The corporate state hoped to improve the workers' condition and social improvements to protect workers from employers and the state. Economic development would occur through co-operation between the worker and employer. Italy's industrialisation and development saw an increase in some sectors and decline in others. Agricultural production saw the grain production double during the battle for grain. The grain

farmers became wealthy due to this but other areas of agriculture were hard hit. The fascist policies failed to tackle the matter of poverty in the south, which led to a 20-40% wage cut in agricultural workers' wages. A ruralisation campaign was designed to cut the number of people moving to the city by helping to establish a prosperous landowning peasantry. However, life was hard and 1.5 million people fled from the land.

Chemical production was high in industry, probably due to an increase in the weapons industry. Compared to this, textiles did less well and fashion became unaffordable. A close government-bank-industry link was in place, government intervention grew as the slump hit from 1929 and especially in 1933. Government assistance was more geared towards preserving the existing structure than encouraging efficient reorganisation. The production of electricity increased immensely, probably due to the development of television, cinema and radio, which were cheap and affordable with the increasing industry.

Italy was making a profit from its exports around 20% more than its imports. During the 1920s, taxation benefited the wealthy by being reduced to stimulate investment. However, the indirect taxation of the mass population was raised. The increase in government intervention meant that the 1930s was a period of heavy taxation on both the wealthy and the mass population as the state tried to build up its armaments.

The judgement that Italy remained poor and backward is neither true nor false. Living standards were affected by the overvaluation of the lira, causing huge wage cuts. The new grain autarky made the Italian diet less varied and developed, but an increase in leisure activities accompanied the development of industry. The corporate state aimed to improve the workers' conditions with respect to pay and hours, but government-imposed wage cuts were put in place to help industry during the depression. This period, 1932, saw a huge rise in unemployment but compared to Germany's massive numbers, it was a 6<sup>th</sup> of the size.