

### How Successful Was The Italian Economy Under Mussolini?

Before you begin the assignment read background information in your textbook (section on the Italian economy) and the sheets provided. List the important goals for the Italian economy under Mussolini.

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What problems did Mussolini face in achieving his economic goals?

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**Task One:** On a separate sheet of paper make decisions about how successful the Italian economy was in the following areas. Use evidence from the background sheets to support your decisions. You can use point form or full sentences

- 1 Agricultural Production:
- 2 Industrial Production:
- 3 Trade:
- 4 Transport:
- 5 Public (Government) Debt:
- 6 Taxation and Standard of Living for the Italian People:

**Task Two:** After you have finished making individual decisions about the particular areas make an overall decision: *To what extent was the Italian economy better off under Mussolini and the Fascists?*

- Use evidence from the six categories to support your decision

You need to develop criteria that will help you decide if the economy was better or worse off. To do this you must consider Mussolini's economic goals and the key factors in determining the success or failure of an economy

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**Marking Rubric**

<b>Categories</b>	<b>Incomplete/Does Not Meet Expectations 1</b>	<b>Approaching Expectations 2</b>	<b>Meeting Expectations 3</b>	<b>Exceeding Expectations 4</b>
<b>Decisions (in the Six Categories) About How Successful the Economy Was are Plausible</b>	The decisions about the success of the economy are not plausible	Some of the decisions about the success of the economy are not plausible	Most of the decisions about the success of the economy are plausible	All of the decisions about the success of the economy are plausible
<b>Important Evidence and Complete Explanations Are Used to Support Decisions in the Six Categories</b>	Evidence is not included and explanations are not complete	Some evidence is included to make decisions, but the majority of explanations are not complete	Most important evidence is used to support decisions, and most of the explanations are complete	All important evidence is included, and all explanations are complete
<b>Criteria for Determining Whether the Italian Economy Was Better Off Under Mussolini is Sophisticated and Used As a Guideline to Make Judgments</b>	Criteria is too brief and unsophisticated and is not used to make an educated judgment	Criteria is somewhat sophisticated, but it is not used or followed when making judgments	Criteria is sophisticated in most cases and is followed and used to make judgments	Criteria is highly sophisticated and followed and used when making judgments
<b>Final Conclusion on the Economy is Historically Plausible and Fully Supported With Evidence From the Background Sheets</b>	Final conclusion on Mussolini is not plausible or lacks sufficient evidence to make a plausible judgment	Final conclusion is plausible but explanation is lacking evidence, or includes inaccurate evidence or understandings	Final conclusion is plausible and is supported with an adequate amount of accurate evidence from the background sheets	Final conclusion is fully plausible and is supported with a great deal of rich and accurate evidence

**Total:                    /16**

## CHART 7B Overview of the Fascist economy

### A Aims

- To consolidate the political system
- To make Italy economically self-sufficient
- To provide the economic base for military might

### B Mussolini's economic inheritance

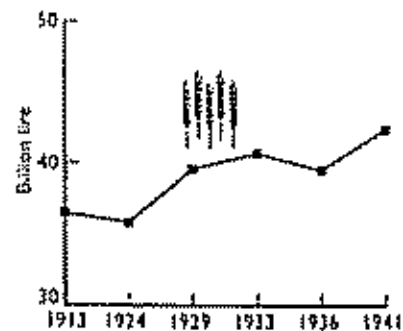
- Very limited raw materials (see page 12)
- Industrialising North with modernising agriculture; more backward South, with large estates and mass poverty
- Tradition of close industry-banks-state links
- Limited literacy

### C Key economic periods

- 1 1922 onwards. Economic recovery in Italy. Mussolini coming into office with no specific programme pursues traditional LIBERAL economic policies of lowering inflation and limited government intervention.
- 2 1927 onwards. Economy begins to weaken. Some of the pain is self-inflicted due to problems caused by the overvaluation of the lira.
- 3 1929 onwards. Italy is hit by the Great Depression. Mussolini responds with growing government intervention to bail out industrialists. Efforts are made to establish the distinctly Fascist Corporative State.
- 4 1936 onwards. The economy is increasingly harmed by the strains of AUTARKY and the needs of war

### I Agricultural production

- Value (in constant prices) of sold agricultural produce



- Wheat production up 100% 1922-39
- Wheat imports fell by 75% 1925-35

## CHART 7F Key areas of the Fascist economy

### Agriculture

Government intervention in agriculture was considerable, but apart from a shift to wheat production, Fascist policies failed to tackle basic problems like poverty and the backwardness of Southern agriculture. Fascism idealised the countryside as the source of the clean, virtuous life of the peasantry, in contrast to the decadent (immoral) life of the cities. Mussolini's ruralisation campaign was designed to reverse the drift to the cities, by restricting migration, and investing funds to help establish a prosperous landowning peasantry. However, life in the countryside remained hard and the flight from the countryside continued.

North: considerable advances in yields.  
50% more wheat per acre

See battle for grain (switch to grain from dairy production and viticulture) and battle of the marshes (new land farmed).  
Government rhetoric stressed the importance of the peasantry and rural life.  
Poverty: Depression led to 20-40% cut in agricultural workers' wages  
Flight from the land: 1.5 million left

Small farmers, particularly hit by world slump in food prices

South  
• Government's close ties to landowners restricted major agrarian reform  
• Yields remained low  
• 20% drop in cattle and sheep farming

Government help inc:  
• tariffs (1926 on imported grain)  
• grants for fertilisers and machinery  
• spreading scientific knowledge

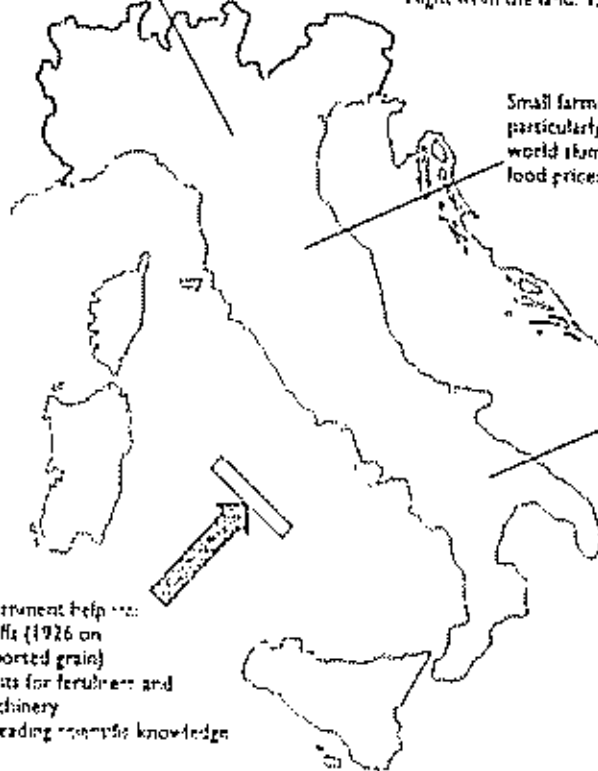
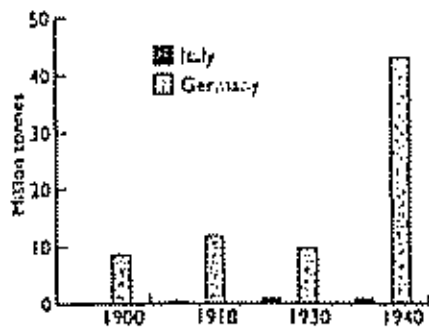


Fig Iron output

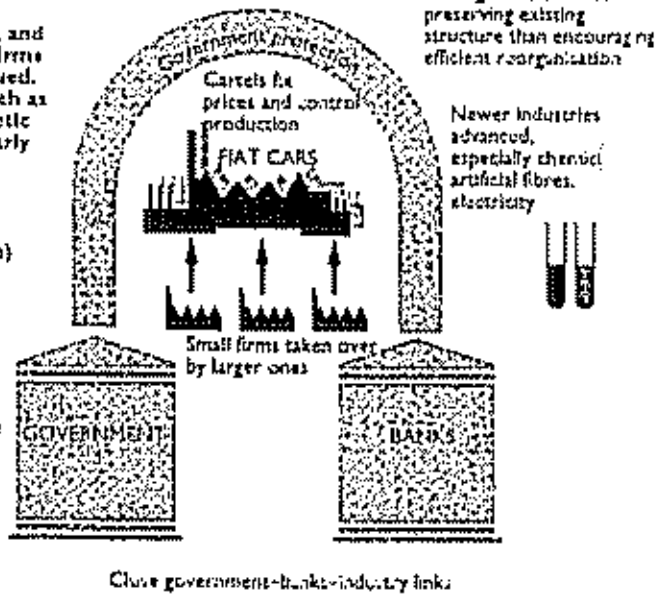


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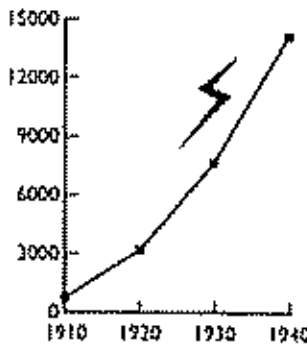
**Industry**  
Most industry benefited from supportive government policies, and the growth of large firms and CARTELS continued. Newer industries, such as chemicals and synthetic fibres, grew particularly well.

- Major firms:
- FIAT (cars)
  - Montecatini (chemicals)
  - Pirelli (rubber)
  - ILVA (steel)

Growing government intervention as slump hit from 1929 especially 1933 (IRI see page 134)



Annual production of electricity (in million kilowatt hours)

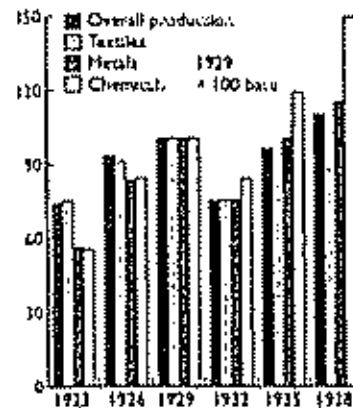


Per capita growth rates % per year

	1897-1913	1912-38
Italy	2.7	1.9
Germany	2.6	3.8
UK	1.9	2.2
W Europe average	2.1	2.5

**1 Industrial production**

- 1929-39 industrial production increased by 15%, lower rate than in other W. European countries
- By 1939 industry (34%) had overtaken agriculture (29%) as proportion of GNP (Gross National Product)



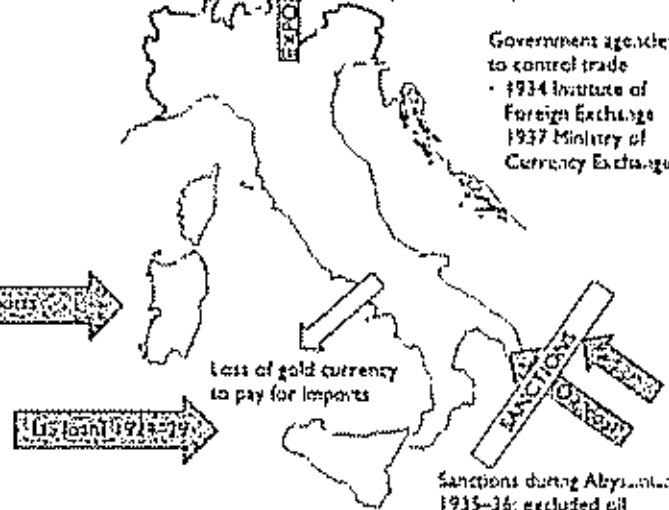
**Trade**

Trade should have been important for a country lacking many basic resources. However, Mussolini sought a country which was self-sufficient. Foreign policy entanglements increasingly affected the direction, and nature of Italy's trade in the 1930s.

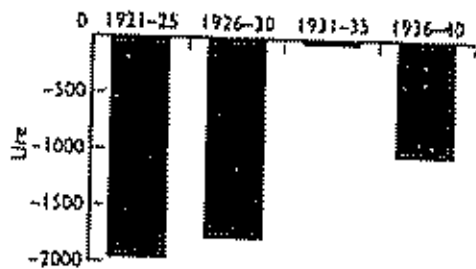
- Unintentionally encouraged by lira overvaluation 1927-36
- Controlled by quotas from 1935
- Attempt to restrict imports in order to establish autarky

Frequent balance of payments problems

Exports increasingly shifted away from W. Europe to Germany from 1936



Trade  
Balance of payments



4 Transport

- Railways electrified
- 1927 14%
- 1939 31%
- Freight traffic on the railways



Main Italian imports and exports 1933 (million lire)

Raw cotton	737
Coal	685
Wheat	504
Machinery	365



Fruit veg	1091
Silk	820
Cotton	676
Cheese	241

Autostrada

- 500km built by 1940
- Only 270,000 cars on road by 1939

Transport

There was clear progress in transport but prestige projects, not necessarily the most economically vital, were stressed. Autostrada (motorways) were built and 5000 kilometres of railway were electrified, but many local roads were left untouched.

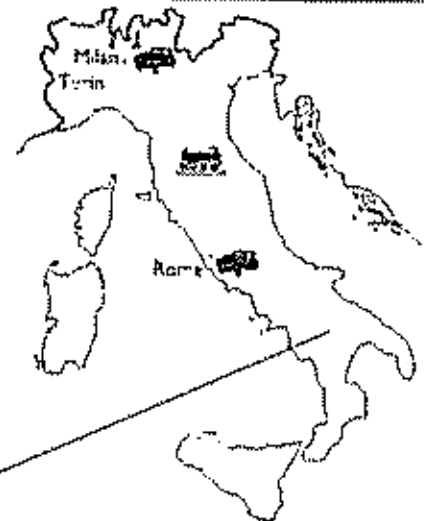
New autostradas opened

- Milan to the sea
- Rome to the sea
- Few Italian owned cars
- South neglected

Railways

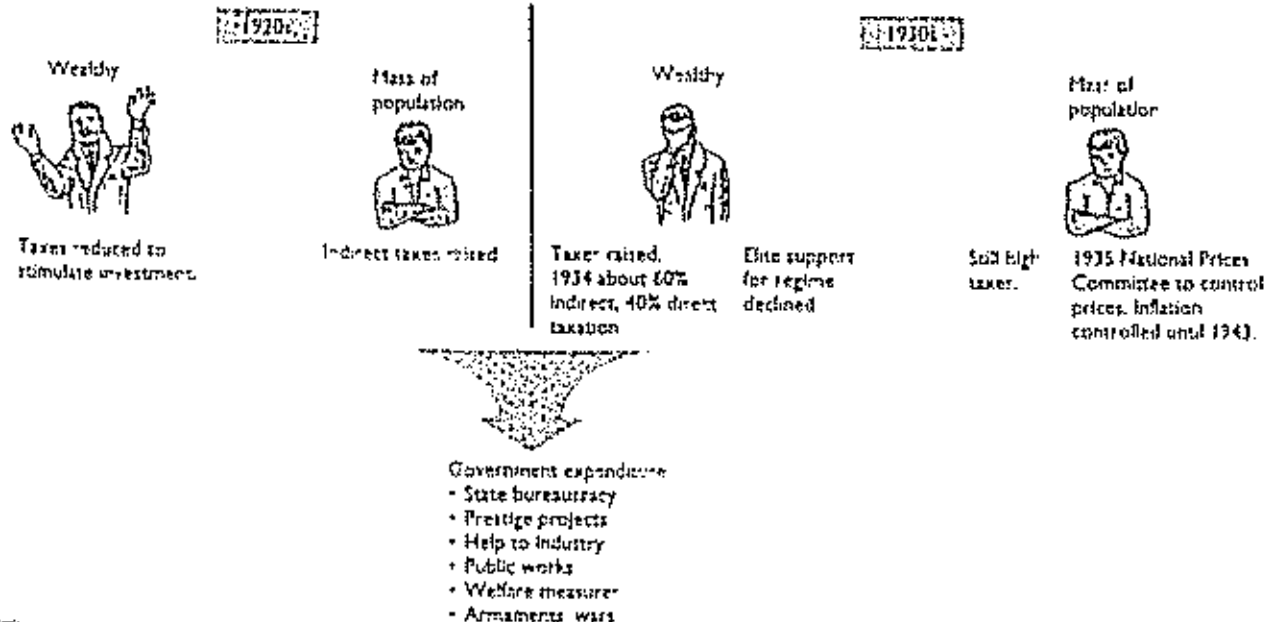
- ran on time, illustrated fastest efficiency?
- increasingly electrified, over 50% of traffic

Poor roads: remained in backward agricultural area

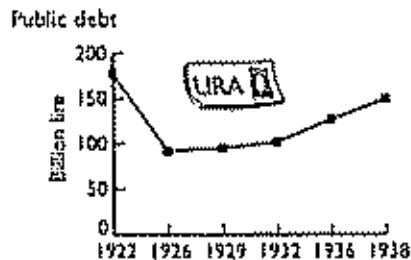
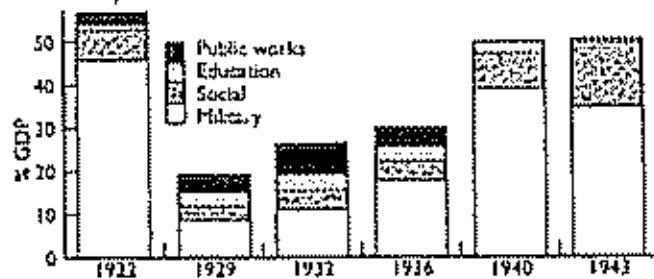


Taxation

Initially the wealthy benefited from Mussolini's tax policies but, as the state intervened more in the economy and tried to build up its war machine, taxation became heavier and more widespread.



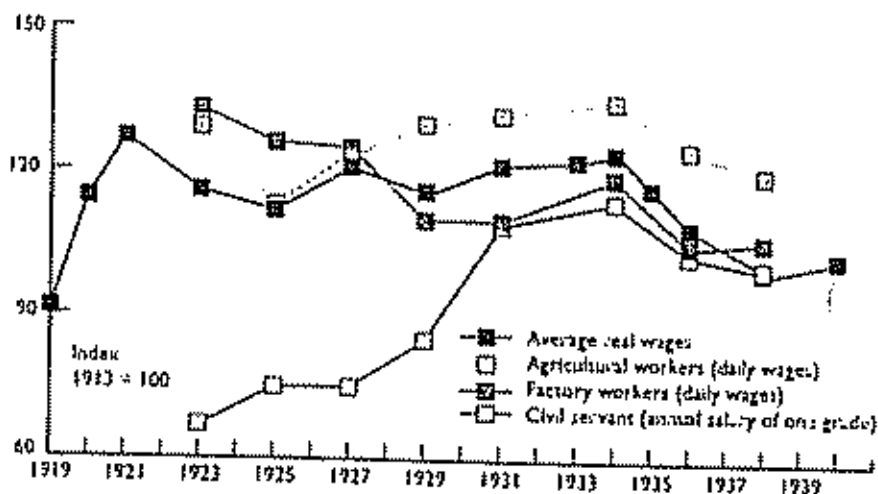
5 Government finances  
 - Public expenditure 1922-43



SOURCE 7.12 Changes in government tax policy (% of revenue)

	1921-22	1931-32
Direct taxation	19%	28%
Indirect taxation	24%	29%

SOURCE 7.10 Average real wages 1923-38, and those of three particular groups



SOURCE 7.11 Annual per capita income and expenditure in lire (1930 prices)

	Per capita income	Private consumption	Public expenditure*
1926-30	2940	2545	179
1931-35	2902	2479	250
1936-40	3191	2522	369

\*Covers government help to industry and armaments expenditure as well as welfare