

# Quasi-Corporatism: America's Homegrown Fascism

BY ROBERT HIGGS



Full-fledged corporatism, as a system for organizing the formulation and implementation of economic policies, requires the replacement of political representation according to area of residence by political representation according to position in the socioeconomic division of labor. The citizen of a corporate state has a political identity not as a resident of a particular geographical district but as a member of a certain occupation, profession, or other economic community. He will probably be distinguished according to whether he is an employer, an employee, or self-employed.

One who looks for information about corporatism is frequently referred to fascism. (In the *International Encyclopedia of the Social Sciences*, for example, the entry for corporatism reads simply, “See Fascism.”) Indeed, the corporatist ideal achieved its fullest historical expression in Italy under Mussolini’s regime. There, workers and employers were organized into syndicates based on local trades and occupations. Local syndicates joined in national federations, which were grouped into worker and employer confederations for broad economic sectors, such as industry, agriculture, commerce, banking, and insurance. In 1934 the government made peak associations part of the apparatus of state, with one corporation for each of 22 economic sectors. The corporations received authority to regulate economic activities, to fix the prices of goods and services, and to mediate labor disputes.

In practice the Italian corporate state operated not as a grand compromise among economic interest groups but as a collection of sectoral economic authorities organized and dominated by the government in the service of the dictatorship’s aims. Neither capitalists nor laborers enjoyed autonomy or private rights defensible against the fascist regime. (See Mario Einaudi, “Fascism,” *International Encyclopedia of the Social Sciences* [New York: Macmillan and The Free Press, 1968], pp. 334–41.) Other fascist regimes in Europe and Latin America

operated similarly. In light of this experience, one might judge fascist corporatism to have been something of a fraud. The appearance of rationalized popular participation in government failed to mask the dictatorial character of the system.

Not surprisingly, after World War II, fascism became a dirty word and full-fledged corporatism a discredited program. Nevertheless, arrangements bearing some similarity to fascism’s corporate state developed in the democratic countries of western Europe, most notably in Scandinavia, Austria, and the Netherlands, but also to some extent in other countries. No one describes these arrangements as fascist; most commonly they are called neocorporatist.

Neocorporatism (also known as liberal, social, or societal corporatism, sometimes as tripartism) shares with fascist corporatism the preference for representation according to membership in functional economic groups rather than according to location. It disavows, at least rhetorically, fascism’s totalitarian aspects and its suppression of individual civil and political rights. Neocorporatists support the organization of economic interest groups and their participation as prime movers in the formulation, negotiation, adoption, and administration of economic policies backed by the full power of the government.

Political scientists have concluded correctly that the United States is not a corporate state—certainly not a corporate state comparable to modern Sweden or Austria. American interest groups have been too partial in their membership. Normally the government power they hope to seize has itself been fragmented, divided at each level among executive, legislative, and judicial branches and dispersed among the national, state, and local levels in a federal constitutional system. Residual

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allegiance to liberal ideology and its political norms and practices, including limited government and territorial representation in the legislature, has also impeded the development of corporatism. The American economy is vast and complex. To bring it within the effective control of a few hierarchical, noncompetitive peak associations, as the fascists tried (or pretended) to do in interwar Italy, is almost unthinkable. The closest peacetime experiment, under the National Industrial Recovery Act during 1933–35, did not work and was collapsing of its own weight when the Supreme Court put an end to it.

Nevertheless, recent American history has brought forth a multitude of little corporatisms, arrangements within subsectors, industries, or other partial jurisdictions. They have drawn on both national and state government powers. They operate effectively in the defense sector, in many areas of agriculture; in many professional services, such as medicine, dentistry, and hospital care; and in a variety of other areas, such as fishery management and urban redevelopment. These abundant “iron triangles” normally involve well-organized private-interest groups; government regulatory, spending, or lending agencies; and the congressional subcommittees charged with policy oversight or appropriations. A political economy in which such arrangements predominate, as they do in the United States, is commonly called interest-group liberalism or neopluralism. (Elsewhere I have followed Charlotte Twight in calling it *participatory fascism*.) But it might just as well be called disaggregated neocorporatism or quasi-corporatism.

Under crisis conditions, all the forces normally obstructing the development of U.S. corporatism diminish. Since the early twentieth century, in the national emergencies associated with war, economic depression, rapid and accelerating inflation, or large-scale labor disturbances, the national government has responded by adopting policies that consolidate power at the top and extend the scope of its authority. With power more concentrated and more actively employed, the incentive is greater for latent private-interest groups to organize, increase their membership, suppress their internal disputes, and demand a voice in policy-making.

## Government Sponsorship

Far from resenting such a private coalescence of interests, the government usually approves, encourages, and sometimes even sponsors it. In a crisis, swift action is imperative, and the government needs private interests with whom it can deal quickly while preserving the legitimacy that comes from giving affected parties a role in policy-making. When the government is imposing unusual restrictions or requirements on the citizens, as it always does during major emergencies, it needs to create the perception, if not the reality, that these burdens have been accepted—better yet, proposed and chosen—by those who bear them.

National emergencies create conditions in which government officials and private special-interest groups have much to gain by striking political bargains with one another. The government gains the resources, expertise, and cooperation of the private parties, which are usually essential for the success of its crisis policies. Private special-interest groups gain the application of government authority to enforce compliance with their cartel rules, which is essential to preclude the free-riding that normally jeopardizes the success of every arrangement for the provision of collective goods to special-interest groups. Crisis promotes extended politicization of economic life, which in turn encourages additional political organization and bargaining.

In U.S. history, quasi-corporatism has risen and fallen over the course of national emergencies, but each episode has left legacies, accretions of corporatism embedded in the part-elitist, part-pluralist structure of American government. By now these accretions, taking the form of disaggregated neocorporatist arrangements scattered throughout the economy, add up to a significant part of the political economy.\*



\*The foregoing discussion is drawn from a much longer, fully documented account in my book *Against Leviathan: Government Power and a Free Society* (Oakland, Cal.: The Independent Institute, 2004), pp. 177–200.