

* Box 8, Foster: Freedom
Marx on Corporativism.

By Karł Polanyi

It has been ^{widely} ~~generally~~ overlooked ^{in the early 1840's} that Karl Marx ~~had~~ ^{some} anticipated ~~some~~ of the most essential features of the fascist movement of our time.

Several reasons for this ^{oversight} ~~omission~~ might be adduced. Marx's post-humous work, to which we are ~~now~~ referring, was ^{only} first published ~~in Moscow~~ after the Great War, by D. Rjazanoff, ^{in Moscow}. It is a commentary, not ^{written} for publication, on §§ 261-313 of Hegel's 'Philosophy of Law', i.e., the part dealing with the State. The beginning of the ^{relevant} manuscript (§§ 257-

260) ~~now~~ appears to be missing; the text itself is of inordinate length and somewhat repetitious. ^{Yet} ~~For all that~~ it is of ^{exceptional} ~~extraordinary~~ interest; ^{some} ~~of~~ its most brilliant passages it refutes ^{the} ~~Marxist~~ mystifying logic with an unsurpassed penetration. ^{For all that} ~~Yet~~ it ^{may} seem ^{singularly} inappropriate to seek for illumination on atypically modern industrial and political development, such as fascist corporativism, in philosophical writing produced several generations ago, merely because it discusses guilds or

corporations. ~~To some this would smack of bibliolatry, a charge to which Marxists have, unthinkingly laid themselves open in the past.~~

Indeed, it might easily appear as if, misled by the identity of the term 'corporation', we were ~~now~~ comparing ^{like with unlike} ~~non-comparables~~. In the century which separated Hegel from Mussolini liberal capitalism ran its course from start to finish. In the Germany of 1841/2 — the presumable date of Marx's voluminous draft — liberal ~~capitalism~~ ^{capitalism} had not yet been born, while the corporative experiments of the 1920's and 30's

in Italy, Austria and some other countries, marked its end. In Hegel's time the ~~ancien régime~~ ^{had not yet been} still held sway and guilds were just being discredited in order to ^{from the} ~~give way to~~ ^{a competitive economy} ~~liberal capitalism~~; in the era of Mussolini ^{competitive} ~~liberal~~ ^{economy} ~~capitalism~~ itself was passing away and was being replaced by new ^{of course} ~~guild~~ ^{guild} forms of industry.

Eighteenth Century guilds were ~~usually~~ based on traditional handicraft, while Twentieth Century corporativism was using highly mechanised ~~many~~ plant. The revived corporations were now to serve as bastions of the new industrial feudalism which was to hold the monopoly of power over ^{the} ~~the~~ ^{helpless} ~~helpless~~ proletariat... Thus ^{two} ~~two~~ kinds of corporations were ^{certainly} ~~very~~ dissimilar both in regard to technical level and to historical function. ^{And} ~~Marx's~~ ^{critique} ~~critique~~ of corporativism was

~~It was made available in Germany in 1932, by Louis Duménil.~~

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certainty based on ^{different} ~~entirely~~ grounds from those of the modern Marxist ^{its} attack on fascist corporations.

Yet in one most important respect the position was analogous. Now as then corporations formed part of an industrial system hostile to democracy. Both ~~pre-~~ liberal and post-liberal ^{were} gilds ~~represented~~ a form of industrial organisation antagonistic to popular government and well suited to obstruct its development, or to destroy it, if it already existed. Marx in 1841 was inveighing against corporatism in the name of democracy, and liberals as well as socialists are fighting its resurgence to-day under ^{the same} ~~the same~~ banner. This circumstance may help to explain the deep insights opened up by Marx into the nature of fascism at a time when this ^{sinister} development was still entirely beyond the ~~range~~ horizon of the age.

Marx was 23 years old when he penned his notes on Hegel's opinions on the nature of the State. / Politically, he was a Radical, passionate ^{Prussian} ~~Prussian~~ régime ly opposed to the reactionary absolutism of the ~~Prussian~~ régime which denied a constitution to the people, and ~~he~~ ^{my} detested ~~only~~ almost as much the sham constitutions of some German States with their monarchical prerogatives, paternalistic police state methods and antiquated Estates. These anachronistic régimes were propped up by the influence of no less outmoded gilds. Marx was therefore, equally emphatic in his advocacy of ^{the popular vote} ~~universal suffrage~~ and his denunciation of corporatism. Radical reform in the political sphere called for a similarly radical reform in the economic sphere. No democratic politician could accept the perpetuation of the outworn gild organisation in industry,

This ^{takes} ~~leads~~ us straight to the point. The young Marx, though otherwise still wrapped in idealistic philosophy, was already thorough 'Marxian' ~~non-negotiable~~ in this respect. He ^{unhesitatingly} ~~unhesitatingly~~ stood for progress, and preferred capitalism however 'inhuman' to feudalism however 'humane'. Against Hegel's ^{romantic} 'medievalism' he ^{pressed} ~~pressed~~ ^{the cause of} liberal capitalism in its most undiluted form. Industrial life ^{was to be} ~~was to be~~ ^{grounded on} ~~grounded on~~ free competitive markets, while political life was to rest on free popular democracy.

As Marx recognised, such a development involved a complete separation of the political and the economic sphere in society. ^{through this} ~~through this~~ separation meant the ~~disruption of the medieval unity of society~~ — the

① Footnote of p 3

...system involve. Yet, so Marx argued, only if economic individualism was unhindered by corporative rules and regulations, could public life be based on political individualism and the people succeed in achieving power in the State.

Marx showed at this point an extraordinary insight. No one before him for a very long time none after him, had recognised the decisive characteristic of a society based on liberal capitalism, namely the separation of the political and economic sphere in society. More than that, he did not fail to see, that compared with medieval and feudal society, this represented

an advance since it made the development of political democracy possible. When later, Marx became a socialist, he realised that political democracy was not enough, but that democracy must be extended to the whole economic sphere. It was at this point that fascism attempted to side track human progress.

By extending the power of the democratic state to industry, it endeavoured to extend the power of industry over the State, and thus destroyed the basis of political democracy. Marx's analysis of the reactionary role of corporatism in his time, clearly foreshadowed the part played by fascist corporatism in our own time.

Although Marx in 1842 was not yet a socialist and certainly did not even think of describing the industrial and political development of the middle-twentieth century, his theory of corporatism throws a flood of light on the methods and meaning of modern fascism.

Hegel made no secret of his desire to justify the existing Prussian constitutional position in which according to French and English standards the monarch possessed no constitution at all. In brief, it was a system of slightly qualified existence of provincial representation by the

some of which had the right of the purse in respect to local taxes. Not even a National Diet was in existence. The provincial Diets were of the most multifarious character, though combining various forms of representation, from the personal participation of the feudal nobility to the representation by corporations some of which were municipal, the great majority of which, however, were vocational, and connected to the guild organisation of economic life. No suffrage of any

kind, no representation of the common citizen as such obtained under the system.

The Radical demand for constitutional The cry for a constitution raised by Liberals of all denominations, ranged from the modest demand for a National Diet to the abolishment of the Estates and their replacement by a representative assembly elected by the citizenry.

Hegel's defense of the status quo hinged on two contentions. Firstly, he defended the Estates and argued that only 'representation' through the Estates has an 'organic character' safeguarded the unity of society; secondly, he emphasized that the 'corporative system' in which economic life was organized offered the only basis for a 'constitution' (as he insisted on calling the state of affairs in Prussia).

Marx's commentary on these two points can be summed up as follows. Hegel's medieval ideals are contrary to the social reality of modern society. Economic classes and political Estates were identical in the medieval State. Consequently, no separate political and economic sphere existed in society. Under Modern conditions the opposite is true. Economic life which is regulated by private interest and competition, has become separate and distinct from the political sphere of government. This makes individuals, not classes, the units of society and any body claiming to represent the citizenry must be elected by them as by equal individuals. Not in the economic, but only in the political sphere can the whole of society be reunited. This is the true meaning of democracy. Hegel justly feels that the separation of the economic life from political life constitutes a contradiction. However, he does not insist on its resolution but puts up with the semblance of a solution. These other thinkers, whom he affects to despise, insist on the 'separation' of the political and the economic groups in society. They do this because under modern social conditions the political character of economic classes expresses this separation, which is an actuality. Hegel ought to have called things by their true names. What he really means is the difference between a representative

As a result

In reality he ~~simply~~ preferred a constitution based on Estates to a constitution based on representative institutions. Yet these latter meant a step in the right direction, because they revealed openly, consistently, and without ~~any~~ ^{can/} ~~conceal~~ the real condition of affairs in the modern State. They have the advantage of making the anomaly patent! To Hegel's sham harmonism and organicism Marx opposed the demand for the 'disruption' of society into a democratic political sphere and an economic sphere, which was essentially non-political. The citizen should take part in public life as an individual, not as a unit of economic life. 'He is a citizen only as an individual person'.

(2) This ^{also} answered effectively Hegel's eulogy of the guilds and their right to be represented under a system of Estates. This, of course, was the traditional system. It supplied the Estates with the pretence of being representative and thus side tracked the demand for genuine representation. ~~Apparently in effect,~~ ^{It} was the opposite of a true separation of ~~the~~ political and economic, as demands required by liberal capitalism, since it gave political power to ~~the~~ ^{the} economic ~~organization~~ ^{of} the guilds. 'Corporativism', said Marx, 'is an attempt to establish economic life into the State ...' A search-light phrase, if ever there was. For in regard to Hegel this meant that to allow the corporations to play a political role instead of endowing the individual citizen with political rights, ^{prevented the separation of politics economics and} kept the old undemocratic 'constitution' in being. But Marx's phrase was equally applicable to a yet distant future in which the separation of political and economic life had been a long established fact, and fascism tried to uproot political democracy ^{again} with the help of corporative methods. Literally, this attempt was directed towards ^{establishing} economic life ^{as} into the State - only this time an economic life that was no more confined to simple crafts and ~~mechanical~~ mysteries, as a century ago, but comprised vast ^{hosts of} establishments of ~~wealthy capitalists~~ ^{wealthy capitalists} lording it over the propertyless employees... However, the principle was the same. For even the most superficial description of fascist corporations ^{will} show that they were ^{designed to assume} ~~meant to take over~~ the functions of the State ^{the} in an enormously expanded field of modern industrial relations. As in Hegel's time, the political role of industrial corporations was a peril to popular democracy.

Karl Polanyi

Marx on Corporativism

First Fragment.

It has been widely overlooked that Karl Marx in the early 1840s anticipated some of the most essential features of the fascist movement of our time.

Several reasons for this oversight might be adduced. Marx's posthumous work, to which we are referring, was only published after the Great War, by D. Rjazanoff, in Moscow. It is a commentary, not intended for print, on §§ 261-313 of Hegel's 'Philosophy of Law,' i.e. the parts dealing with the State. The beginning of the manuscript (relating to §§ 257-260) appears to be missing; the text itself is of inordinate length and is inevitably somewhat repetitious. Yet it is of exceptional interest; in some of its most brilliant passages it refutes the mystifying application of Hegel's logic with unsurpassed penetration. For all that it might have seemed singularly inappropriate to seek for illumination on a typically modern industrial and political development, such as fascist corporativism, in a philosophical writing produced several generations ago, merely because it discusses guilds or corporations.

Indeed, it might easily appear as if, misled by the identity of the term "corporation," we were comparing like to unlike. In the century which separated Hegel from Mussolini liberal capitalism ran its course from start to finish. In the Germany of 1841-42 (the presumed date of Marx's voluminous draft) liberal economy had not yet been born, while the corporative experiments of the 1920s and 30s in Italy, Austria and some other countries, marked its end. In Hegel's time the ancien régime still held sway and guilds had not yet been discarded in favour of a competitive economy; in the era of Mussolini competitive economy itself was passing away and was being replaced by new guild forms of industry. Eighteenth century guilds were of course based on traditional handicrafts while twentieth century corporativism was using highly mechanised plant. The revived corporations were now to serve as bastions of the new industrial feudalism which was to hold monopoly of power over a helpless proletariat... Thus the two kinds of corporations were certainly vastly dissimilar both in regard to technical level and to historical function. Undoubtedly Marx's critique of corporativism* was based on entirely different grounds from those of the modern Marxist's attack on fascist corporations.

Yet in one most important respect the position was analogous. Now as then corporations

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formed part of an industrial system hostile to democracy. Both pre-liberal and post-liberal guilds were a form of industrial organisation antagonistic to popular government and well suited to obstruct its development, or to destroy it, if it already existed. Marx in 1841 was inveighing against corporativism in the name of democracy, and liberals as well as socialists are fighting its recrudescence today under the same banner. This circumstance may help to explain the deep insights opened up by Marx into the nature of fascism at a time when this sinister development was still entirely beyond the horizon of the age.

Marx was 23 years old when he penned his notes on Hegel's opinions on the nature of the State. He was at that time not yet a socialist. Politically he was a Radical, passionately opposed to the reactionary absolutism of the Prussian régime which denied a constitution to the people, and detesting almost as much the sham constitutions of some German states with their monarchical prerogatives, paternalistic police state methods, and antiquated Estates. These anachronistic régimes were propped up by the influence of no less outmoded guilds. Marx was, therefore, equally emphatic in his advocacy of the popular vote and his denunciation of corporativism. Radical reform in the political sphere called for a similarly radical reform in the economic sphere. No democratic politician could accept the perpetuation of the outworn guild organisation in industry.

This takes us straight to the point. The young Marx, though otherwise still wrapped in idealistic philosophy, was already thoroughly "marxian" in this respect. He unhesitatingly stood for progress, and preferred capitalism however "inhuman" to feudalism however "humane." Against Hegel's romantic "medievalism" he pressed the claims of liberal capitalism in its most undiluted form. Industrial life required free competitive markets, while political life was to rest on free popular democracy.

As Marx recognised, such a development involved a complete separation of the political and the economic sphere in society. Yet, so Marx believed, only if economic individualism was unhindered by corporative rules and regulations, could public life be founded on political individualism and the people succeed in achieving power in the State.

At this point Marx showed an almost prophetic insight. No one before him, and for a very long time none after him, had recognised the importance of the institutional separation of the political and economic sphere in modern society. Such a separation is the true characteristic of liberal capitalism. More than that, Marx did not fail to note that compared with medieval feudal society, this represented an advance since it made the development of political democracy possible. Later, when Marx became a socialist, he realised that political democracy was not enough, but that democracy must be made to compose the whole of society including the economic sphere. It was in respect to the latter that fascism attempted to side-track human progress. For

instead, far from extending the power of the democratic state to industry, fascism endeavoured to extend the power of an autocratic industry over the State, and thus destroy the very basis of political democracy. Marx's analysis of the reactionary role of corporativism in his time, foreshadowed a vital aspect of the part played by fascist corporativism in our own time.

Hegel made no secret of his desire to justify the existing 'constitutional' position in Prussia, though that country actually possessed no constitution at all. It was a system of personal rule of the monarch slightly qualified by the existence of provincial Diets some of which had the right of the purse in respect to traditional taxes. Not even a National Diet was in being in Prussia. The provincial Diets were of the most multifarious character. The Estates combined various forms of representation, from personal participation as in the case of the feudal nobility to delegation by corporations some of which were municipal, the great majority however, were vocational, corresponding to the gild organisation of economic life. No suffrage of any kind, no representation of the citizen as such obtained. The cry for a constitution raised by Liberals of all shades ranged from the modest demand for a National Diet to the abolition of the Estates altogether and their replacement by a representative assembly elected by the citizens.

Hegel's apologia for the status quo hinged on two points: ...Firstly, he defended the Estates [and] argued that only 'representation' through them had an 'organic' character and safeguarded the unity of society; secondly he emphasised that the existing craft guilds or corporations offered the only natural basis for a 'constitution' (as he insisted on calling the state of affairs in Prussia).

Marx' critical commentary may be summed up as follows: 1) Hegel's medieval ideals are contrary to the reality of modern society. Economic classes and political Estates were identical in the medieval State. Consequently, no separate political and economic sphere existed in society. Under modern conditions the opposite is true. Economic life which is regulated by private interest and all-round competition has become separate and distinct from the political sphere of government. This makes individuals, not classes, the units of society and any organised body claiming to represent the citizens must be elected by them in their capacity as individuals. Not in the economic, but only in the political sphere can the whole of society be reunited. This is the true meaning of democracy. Hegel, so Marx says, justly feels that the separation of economic life from political life is an anomaly. However, he does not insist on its resolution but puts up with the semblance of a solution.

In reality he simply preferred a constitution based on Estates to a constitution based on representative institutions. Yet these latter meant a step in the right direction, because they revealed openly, consistently, and without camouflage the real condition of affairs in the modern State. They have the advantage of making the anomaly patent. To Hegel's sham harmonism and

organicism Marx opposed the demand for the 'diremption' of society into a democratic political sphere and an economic sphere, which was essentially non-political. The citizen should take part in public life as an individual not as a unit of economic life. 'He is a citizen only as an individual person.'

2) This also answered effectively Hegel's eulogy of guilds and their right to be represented under a system of Estates. This, of course, was the traditional system. It supplied the Estates with the pretence of being representative and thus side-tracked the demand for genuine representation. It was the opposite of a true separation of politics and economics, as required by liberal capitalism, since it gave political power to the economic institution of the guilds. 'Corporativism,' said Marx, 'is an attempt to establish economic life as the State...' A search-light phrase, if ever there was [one]. For in regard to Hegel this meant that to allow the corporations to play a political role instead of endowing the individual citizen with political rights, prevented the separation of politics and economics and kept the old undemocratic 'constitution' in being. But Marx's phrase was equally applicable to a yet distant future in which the separation of political and economic life had been a long established fact, and fascism tried to uproot political democracy again with the help of corporative methods. Literally this fascist attempt was directed towards establishing economic life as the State – only this time an economic life that was no more confined to simple crafts and mysteries, as a century ago, but comprised vast capitalist establishments, lording it over hosts of propertyless employees. The principle, however, was the same. For even the most superficial description of fascist corporations shows that they were designed to assume the functions of the State in the enormously expanded field of modern industrial relations. As in Hegel's time, the political role of industrial corporations was a peril to popular democracy.

Second Fragment:

...for Prussian constitutionalism, i.e. absolutism, thinly camouflaged by the presence of so-called Estates; Marx stood for representative government, the popular vote and the abolition of the antiquated institution of the Estates. The main part of his Notes was an attack on Hegel's attempt to establish Prussian ancien régime methods as the apogée of human freedom.

It was at this point that guilds or corporations moved into the picture. Under the ancien régime, guilds or Korporationen (as they were called in 18th century Germany) formed an important part of the constitution since they were represented in the Estates. In his attack on the Estates, Marx was confronted with Hegel's insistence on the guild organisation of industry and on the alleged necessity of allowing the guilds a function in the State.

We can thus clearly see why the role of the guilds was a major preoccupation of Marx, why he was bound to oppose them as props of the ancien régime, and why in the fight against corporativism the cause of political democracy was involved.

Now, the corporative State of modern fascism was in a very real sense an attempt to make use of some essential features of the traditional guild system under changed circumstances. How different the conditions were both technologically and socially will be seen later on. Yet the decisive analogy with the past lay in the antidemocratic function of the guild system, now as then. Marx probed into this aspect of the matter with an extraordinary penetration and, incidentally, revealed the basic alternative underlying social development in our own time.

We are hinting here at Marx's insistence on the tendency of market-economy to destroy the unity of society by establishing a distinct economic sphere in society. For such a development must lead to an institutional separation of the political and the economic sphere, which can only be transitory and necessarily raises the fundamental question on what basis the unity of society shall be restored? Eventually, it was to this issue that socialism and fascism offered opposite and mutually incompatible answers. Marx had indeed hit on a crucial problem, the full importance of which for the future he could not, of course, yet gauge.

These introductory remarks may leave us wondering why the matter had hitherto been overlooked; Whether the corporativism of the Prussia of 1842 and that of the Italy or Austria of the 1930s had really as much in common as we seem to assume? And how far can it therefore be seriously claimed that Marx's thoughts bore a definite reference to broad problems raised by corporative tendencies in our own time?

The Manuscript

Only comparatively recently has this voluminous manuscript been made available to the Western European public. Up to the end of the Great War it was in the keeping of the German Social Democratic Party. It was first published under the title 'Critique of Hegel's Philosophy of the State' by the Marx-Engels Institute of Moscow, under the editorship of D. Rjazanoff in 1927. But only in 1932 was the text reprinted in Germany, by Landshut & Meyer, in a two volume edition of the early works of Marx. This edition also contained an important hitherto entirely unknown manuscript, which quite justly attracted great interest, entitled 'Nationalökonomie und Philosophie.'

As to the 'Critique of Hegel's Philosophy of the State,' which was included in Volume I, Landshut and Meyer themselves did not fail to emphasise its importance, which they saw, however, primarily in the field of philosophy and logic. They pointed to the brilliant critique of

Hegel's mystificatory use of the dialectic, which undoubtedly marked a turning point in the development of the young Marx. Feuerbach's naturalism was now coming to his help in his effort to emancipate himself from the spell of idealistic dialectic. To my knowledge, Macmurray commented upon the 'democracy of unfreedom' passage in 1935, and, later, Adams gave a subtle analysis of its role in the development of Marx's logic. The political content of the 'Critique of Hegel's Philosophy of the State' was hardly touched upon.

Gild or Korporation

'Korporation,' as we have said, was the term in common use in 18th century Prussia for 'gild.' Other terms also were current as 'Innung' or 'Genossenschaft' or 'Zunft.' Hegel, who preferred to define terms for his own purposes, used the generic term 'Korporation' as a synonym for 'gild.' In numerous passages he expatiates on the role and function of the 'Korporation' as a monopolistic organisation of those professing a craft or industry. Gierke's monumental *Deutsches Genossenschaftsrecht* went into every ramification of German gild organisation and followed step by step the development which led by the 18th century to the adoption of the term 'Korporation' to denote all forms of industrial guilds in Germany.

The modern term 'corporativism' again is a derivative of the Italian for gild, namely 'corporazione.' The idea to revive the gild system under the conditions of modern large scale industry was mooted both by socialists and by fascists after the Great War. In gild socialism, as represented by G.D.H. Cole in the 20s, the producers became the owners of industry, and the gild form of organisation was meant to ensure both functional democracy and harmonious cooperation with the State and municipality. In Italian fascism the gild was meant to serve the opposite purpose. Ownership remained with the capitalists, i.e. with the non-producers, the workers unions or syndicates forming merely a section of the gild or corporation. A society thus grounded was the utter denial both of industrial and political democracy. It was first suggested by Rossoni (or Bottai) in 1919, and sponsored by Mussolini, in 1920. Next year, Othmar Spann in Vienna produced an elaborate social philosophy in his 'Wahre Staat' (1921), which in somewhat different terms laid out the same general plan. Partly to this inspiration was due the Papal Encyclical 'Quadragesimo Anno' of 1931, which was meant to universalise the idea of the Corporative State. Seemingly it made concessions to the democratic idea but in essence maintained the sole rule of the capitalist class over State and industry.

(Incidentally in the Anglo-Saxon world the term 'corporation' took on a number of meanings which are different from that of gild. It may denote the broad medieval conception of organic community or the more modern one of a public body incorporated by charter or statute; in the

United States its most frequent meaning is simply that of limited company.)

Clearly corporations in the Prussia of the early 19th century, when Hegel wrote, and corporations in the early 20th century were very different matters. When the party programmes of the Italian fascists (1922), the German Nazi fascists (1923), and the Austrian Heimwehr fascists of Starhemberg (1929) and Dollfuss (1932), as well as the Papal Encyclical (1931) declared for the corporative idea, liberal capitalism had had its run. In Hegel's time it had not yet started on its course. While in the age of Hegel and the young Marx, market economy was still to come and its full development was inhibited by the medieval survival of the guilds, in the age of Mussolini and Hitler market economy had spent its force and the corporative principle was invoked under entirely different circumstances.

The situation had indeed changed in almost every respect. The guild was a remnant of the pre-machine age, the time when crafts and mysteries were carried on with the help of comparatively simple tools; the new corporativism was designed to apply to highly mechanised plant and mammoth enterprises. The guilds had been formed in an environment of independent craftsmen and artisans, in which the journeyman belonged to the same class as his master or at least was not far removed from it; the fascist corporation was, on the contrary, founded on rigid class distinction of owners and non-owners, of capitalists and proletarians, separated from one another as by the barriers of caste. Thus the two kinds of corporation were certainly vastly dissimilar both in regard to technical equipment and to social function, and it may appear rather artificial to link the one with the other on account of a mere similarity of name.

Their anti-democratic function

Actually there was a striking likeness in the political role of the corporations defended by Hegel and those advocated by almost all fascist movements of our period. Then as now the guild organisation of privately owned industry was a powerful enemy of popular government; it was an obstacle to its introduction, and a means of abolishing it, once it had been introduced.

In conclusion, let me say that what Marx here called the separation of the political and economic sphere in society has been now for some time recognised as the incompatibility of liberal capitalism and popular democracy. By eliminating the one or the other, the unity of society can be restored. Even before the author of this article had read Marx's comments on Hegel's views on the State, in 1934 he summed up the position thus:

"Basically there are two solutions: the extension of the democratic principle from politics to economics, or the abolition of the democratic 'political sphere' altogether.

"The extension of the democratic sphere to economics implies the abolition of the private

property [sic] of the means of production, and hence the disappearance of an autonomous economic sphere: the democratic political sphere becomes the whole of society. This essentially is socialism."

Conversely: "After the abolition of the democratic political sphere only economic life remains: capitalism as organised in the different branches of industry becomes the whole of society. This is the fascist solution."

In other words, while under socialism the unity of society is restored through the extension of political democracy to the economic sphere, fascism represented the diametrically opposite effort, to unify society by making an undemocratic industry the master of the State.

Clearly this amounts to hardly more than a paraphrase of Marx's critique of corporativism written in 1841-42.

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Only comparatively recently ^{has} ~~it~~ been made available ~~announced~~ ^{to} Western European ~~public~~. ^{(upto the end of the Great War it was in the keep-}

to be

ing of the German Social Democratic Party. It was first published ~~by~~ under the title 'Critique of Hegel's Philosophy of the State' by the ~~Marx-Engels~~ ^{Marx-Engels} Institute in Moscow, under the editorship of ^(in 1927) ~~only in~~ ^(Russia) D. Rjazanoff. ~~Originally~~ 1932 was ~~in~~ the text reprinted in Germany,

^{two} by Landshut and Meyer, in a volume edition of the early works of Marx. This edition ^{hitherto entirely unknown} contained ^{an important} ~~an important~~ manuscript, entitled 'Nationalökonomie und Philosophie'. ^(also) ~~This latter~~ ^{It had} ~~attracted~~ ^{attracted} great ~~attention~~ ^{attention}, ~~and~~ ^{was} translated into ~~French~~.

As to the 'Critique of Hegel's Philosophy of the State', Landshut and Meyer themselves did not fail to emphasize its importance, ~~for~~ ^{however} they saw ^{primarily} in the field of ~~higher~~ philosophy and logic. They ^{paid} ~~little~~ attention to the brilliant critique of Hegel's mystificatory ~~the~~ ^{ad} ~~ing~~ ^{use} of dialectic, which undoubtedly marks a turning point in the development of the ~~young~~ Marx. Feuerbach's naturalism was ~~now~~ ^{now} coming to his help in his ~~effort~~ ^{effort} to emancipate himself from the spell of ~~the~~ idealistic dialectic. To my know- ledge ~~Macmurray~~ ^{Macmurray} commented upon the 'democracy of unfreedom' passage, in 1935, and, later, Adams ~~gave~~ ^{gave} a subtle analysis of its role in the development of Marx's logic. The political content of the 'Critique of Hegel's Philosophy of the State' was hardly touched upon.

Gild or 'Korporation'.

^{(as we} ~~have~~ ^{said)} 'Korporation' was the term in use in 18th century Prussia for 'gild'. Other terms also were ^{current} ~~used~~ as ~~Innung~~ ^{as} ~~or~~ 'Genossenschaft' or 'Zunft'. Hegel, who preferred to define ~~his~~ terms for his own purpose, ~~used~~ ^{used} the generic term 'Korporation' as ~~a~~ ^a synonym ^{(with} ~~for~~ ^{the} 'gild'. ^{In} ~~in~~ ^{numerous} ~~numerous~~ passages he ~~emphasizes~~ ^{emphasizes} on the rôle and function of the 'Korporation' ~~as~~ ^{as} a professional organization

as a monopolistic organization of those professing a craft of industry. 'Deutsches Genossenschaftsrecht' Gierke's monumental work went into every ramification of German guild organization, and followed step by step the development which by the 18th century led to the adoption of the term 'Korporation' to denote all forms of industrial guilds in Germany.

The term 'corporatism' is a derivative of the Italian name for guild which is 'corporazione.' The idea of guild system under the conditions of modern large scale industry was adopted both by socialists and by fascists after the Great War. In socialism, as represented by G.D.H. Cole, the producers became the owners of industry, and the guild form of organization was meant to ensure both functional and harmonious cooperation with the State and municipality. In Italian fascism the guild was meant to serve the opposite purpose. Ownership remained with the capitalists, i.e. with the workers unions / syndicates or syndicates were merely a section of the guild or corporation. A State force on such a basis was the complete denial of industrial and political democracy.

It was first suggested by Rossoni (or Bottai) in 1919, and then sponsored by Mussolini, in 1920. In the same year Othmar Spann in Vienna, produced an elaborate philosophy of the State, which in somewhat different terms laid out the same general plan, in his 'Wahre Staat'.

Partly due to the Papal Encyclical 'Quadragesimo anno,' of 1931, which was meant to universalise the idea of the Corporative State, seemingly it made concessions to the democratic ideal but in essence, maintained the sole rule of the capitalist class over State and industry.

(The English use of the term corporation in the broad medieval sense of an organic community or in the somewhat more modern sense of chartered body. In the Angli-Saxon world the term 'corporation' has taken on a number of meanings which are different from that of guilds. It may denote the broad medieval conception of organic community or the more modern notion of a public body incorporated by charter or statute; in the United States its most frequent meaning is that of limited company. Neither of these has much in common with the professional organization of the guild.)

Clearly, Corporations in the Prussia of the early 19th century, when Hegel wrote, and corporations in the early twentieth century were very different matters.

Italy Mussolini, ~~and~~ the ~~Nazi~~ program of ~~and~~ Dollfus/ the party programmes of the Italian fascists (1922) and of the German Nazi fascists (1923) and of the Austrian Heimwehr fascists (1929) of Starhemberg/and Dollfus ~~(1932)~~, as well as the Papal Encyclical (1931) ~~declared for the~~ corporative idea, ~~run.~~ liberal capitalism had had its ~~run~~. In Hegel's time it had not yet strated on its course. While ~~in~~ in the age of Hegel and the young Marx, market economy was still to come and its ^{full} development was inhibited by the ~~medieval~~ survival of the guilds, in the Age of Musolini and Hitler market-economy had spent its force and the corporative principle was invoked under entirely different circumstances.

The situation had indeed changed in almost every respect.

The ~~gild~~ ^{gild} was a remnant of the pre-machine age, ~~at~~ the time when ~~the~~ ~~crafts~~ and ~~my~~ ~~eries~~ were carried on ~~with~~ ^{with the help of} comparatively simple tools; the new corporativism was ~~designed~~ ^{designed} to apply to highly mechanised plant ~~and~~ ^{and} mammoth enterprises. ~~Something~~, The guilds were formed in an environment of independent craftsmen and artisans, or at least was not far removed from it; in which the journeyman belonged to the same class as his master; the fascist corporation was, on the contrary, founded on rigid class distinction of owners and non-owners, of capitalists and proletarians, ~~from~~ ^{from} one ~~another~~ ^{another} separated/as by the barriers of caste. Thus the two kinds of corporation were certainly vastly dissimilar both in regard to technical equipment and ~~to~~ ^{link} social function, and it ~~may~~ ^{may} appear rather artificial to ~~link~~ ^{link} the one with ~~the~~ ^{on account of a mere similarity of name.} other ~~on~~ ^{on} account of a mere similarity of name.

Their anti-democratic function.

Actuality there was a striking likeness in the political role of the corporations defended by Hegel and ~~those~~ ^{those} ~~advocated~~ ^{advocated} by almost all fascist movements of our period.

Then as now the gild organisation of ~~industry~~ ^{industry} privately owned industry was a powerful ~~enemy~~ ^{enemy} of popular government; it was an obstacle to its introduction, and a means of abolishing it, once it had been introduced.

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While under socialism the unity of society is restored through the extension of political democracy to the economic sphere, fascism represented the diametrically opposite effort, to manage unify society by making an undemocratic industry master of the State.

In conclusion let me say that what Marx here called the separation of the political and economic sphere in society has been long now for ~~some~~ ^{some} time recognized as the incompatibility of liberal capitalism and popular democracy. By eliminating the one or the other, the unity of society ~~was being~~ ^{can be} restored. Even before the author of this article had read Marx's comments on Hegel's views on the State, he summed up the position thus:

'Basically there are two solutions: the extension of the democratic principle from politics to economics, or the abolition of the democratic political sphere altogether.'

'The extension of the democratic sphere to economics implies the abolition of the private property of the means of production, and hence the disappearance of an autonomous economic sphere: the democratic political sphere becomes the whole of society. This, essentially is socialism.'

On the other hand: *Conversely =*

'After abolition of the democratic political sphere only economic life remains: capitalism as organized in the different branches of industry becomes the whole of society. This is the fascist solution.'

Vertical handwritten notes on the left margin.

~~Marxian proletarian, ... the 1844/5 ... the peak ...~~

proof

amounts to
 I deal this ~~hard~~ ^{hard} more than a paraphrase of the Marx's critique of corporatism, ~~written~~ ^{written} in 1891/2 to 92.

I The fact with the ~~road~~ ^{road} ... the ... to ...