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By Private Eye

***Private Eye* looks back at the birth of PFI and makes a not-so-surprising discovery.**

A reader alerts the *Eye* to a 1940s history of Benito Mussolini, uncovered by a US think tank, and makes an unkind comparison with Gordon Brown's current favourite policy.

More strapped for cash than Brown ever was, "Mussolini resorted to a subterfuge to pay contractors without increasing his budget. He would make a contract with a private firm to build certain roads or buildings. He would pay no money but sign an agreement to pay for the work on a yearly instalment plan. No money was paid out by the government. And hence nothing showed up in the budget.

Actually the government had contracted a debt just as much as if it had issued a bond. But because no money passed, the whole transaction was omitted from the country's books. However, after making such a contract, each year the government had to find the money to pay the yearly instalments which ran from ten to fifty years.

In time, as the number of such contracts increased, the number and amount of the yearly payments grew. By 1932 he had obligated the state for 75 billion lire of such contracts. The yearly payments ran to billions. What he did by these means was to conceal from the people the fact that he was plunging the nation ever deeper into debt."

The author, American John T. Flynn, added in a footnote: "For a full and interesting discussion of this wierd chapter in fiscal policy see 'Twelve years of fascist finance', by Dr Gaetano Salvemini, 1935". So yes: the private finance initiative, cornerstone of 'eleven years of Brownite finance', was in fact one of Il Duce's barmier ideas.