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Is Fascism Inevitable?

- Reviews section -

Publication date: Sunday 20 May 2018

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Since the global financial crisis in 2007-8, and the consequent anti-capitalist mobilisations like the Occupy! movement and the struggle against austerity in Greece, there have been a series of books arguing for major reforms to capitalism. [1].

Robert Kuttner's important new book is perhaps the most radical of these, making a trenchant critique of globalised capitalism and proposing sweeping reforms to rebuild a mixed economy which works in the interests of everyone (especially workers) and pumps life back into liberal democracy. Basing himself on the work of his hero Karl Polanyi [2] Kuttner's basic message is that unless major reforms are made within capitalism, then fascism or right-wing authoritarianism is virtually inevitable.

Like Polanyi, Kuttner is a radical Keynesian, while accepting the contemporary relevance of parts of the Marxist critique. The great merit of this book is that unlike some previous pro-capitalist critics of neoliberalism, he always links the economic aspects of his argument to the social and political catastrophe that neoliberalism has brought about.

Robert Kuttner poses solutions to the current economic and political crisis that are in my view mainly utopian and unworkable, but poses questions that the radical and Marxist left also struggles to answer. Most of all, he argues that when capitalism abandons its social duties to the working class and the poor, the resulting political upheaval is more likely to benefit the extreme right and fascism than radical or socialist alternatives. This of course was Polanyi's theorisation of the 1930s.

Before looking at some of the major themes of his book we should note that his account of why and how Blairism and New Labour took over the British Labour Party is mangled and incoherent. But the nature of his account of Labour sheds light on the overall weaknesses of his argument, as I show below.

The Kuttner thesis

Kuttner's basic thesis is that the social effects of the destruction of post-war mixed economy/welfare state capitalism is leading to mass disaffection, and that will mainly benefit the fascists and the hard right. The only way to stop this outcome is to rebuild the post-war social welfare capitalism, and that the best hope for that is for Bernie Sanders-style progressive Democrats to conquer the party, then get into office.

Kuttner starts off with an impatient dismissal of the idea that globalised markets will automatically promote democracy; the unnamed polemical opponent here is Francis Fukuyama [3]. who after the fall of the Berlin wall predicted the advent of benign capitalism and liberal democracy everywhere. Kuttner says:

"Instead, we are witnessing a primitive backlash against both the global market and liberal democracy. In the United States, the rise of Donald Trump revealed broad disaffection with both economics and politics. The British vote to exit the EU reflects a comparable spasm of right-wing populism. Ultra-nationalists who reject both the EU and the doctrine of liberal trade are now the second or third largest party in much of Europe, and some are in government. Democracy itself is under siege.... This ultranationalist reaction is driven by resentment of immigrants and resurgent racism. But the fundamental driver of these trends is the resurrection of heedless globalised capitalism that serves the few, damages the many and breeds antra-systemic politics."

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What has led to this appalling outcome? There are four linked factors in Kuttner's account, which are roughly as follows.

First, exceptionally in the history of capitalism, in the post second world war period, enlightened capitalism, prodded by wartime radicalisation of the masses, a benign synthesis emerged which linked a mixed economy (part public, part private) with a welfare state. Crucially finance capital was severely restricted and regulated and became something approaching a public good, mainly aimed at productive investment rather than wild financial speculation. This went hand-in-hand with a progressive, redistributive tax regime that undermined privilege and promoted social mobility. He says:

"In the aftermath of World War 2, having learned the bitter lessons of the 1930s, enlightened leaders built a mixed economy whose broad prosperity would build support for liberal democracy and reduce the threat of war. The post-war social contract, with national variations, demonstrated that a social form of constrained capitalism could be successful economics. In that era the economy grew at record rates, even as it became more equal."

Second, the destruction of this post-war system was not automatic or an inevitable consequence of economic developments, but a wilful and deliberate act by right-wing forces. He says: "Nothing in the structure of late 20th century economy compelled a reversion to a nineteenth century unregulated market".

Third, contemporary globalisation is profoundly undemocratic, constraining the ability of national governments to tame capital.

And fourth, the collapse of contemporary social democracy and other progressive forces (he includes here the Democrats from Clinton on) in front of neoliberalism is a "disgrace".

A lot hinges here on how and why the post-war Keynesian welfare state settlement collapsed. Kuttner quotes Michael Kalecki's 1943 article *The Political Aspects of Full Employment*, where the author warns of the dangers of capitalist resistance to a social welfare economy. [4]Kalecki argued that, because of this resistance, a managed capitalism was possible in theory, but unlikely in practice. Kuttner comments that during the long boom Kalecki's argument looked decidedly pessimistic, but "has surely been vindicated in the years since 1973". He notes that the argument about the residual power of capitalist inside a mixed economy is fundamentally a Marxist position.

Is Kuttner's account of the collapse of post-war regulated capitalism correct? There is absolutely no doubt that the rise of the neoliberal right was not 'automatic', but a function of the political fight of hard-right bourgeois politicians. However he glides far too easily over the uncomfortable fact that in the mid-1970s Keynesian-style capitalism did in fact go into crisis – crisis here meaning a collapse of profit rates and the advent of the 'second slump' in 1975.

At the time Ernest Mandel commented:

"The international capitalist economy is now going through its first generalized recession since the second world war. It is the first recession to strike simultaneously at all the great imperialist powers. While the recession may be a surprise to all those in bourgeois and petty-bourgeois circles and in the workers movement who had been taken in by the claim that the governments of Capital endowed with neo-Keynesian techniques would henceforth be in position to 'control the cycle,' it was foreseen and predicted by our movement, ..."

Moreover: "The principal method by which bourgeois governments sought to slow down crises of overproduction after 1945 (they were no more able to prevent the outbreak of such crises than they had been in the past) was the

expansion of credit, that is, of paper money, that is, of inflation...Finally, to the same extent that the long phase of post-war expansion reached its end, that the principal motors of expansion began to run down, and that long-term growth in production had to slow down, the contradictions of the capitalist economy asserted themselves more seriously, both within each imperialist country and among all these countries taken together (as well as between these countries and the semicolonial countries). "Boom" phases are becoming shorter and more artificial (the 1972-73 boom was speculative to a large extent). The phases of stagnation, and even recession, are beginning to be longer." [5]

Whether Mandel's exact argument about the cause of the crisis is correct is not the point. There is no question that Keynesian inflationary, anti-recession techniques reached their limit, at least for a substantial period. Austerity and then neoliberalism became the dominant attempt by the bourgeoisie to fight its way out of crisis. In times of profound crisis, the post-war settlement was always open to renewed attack from the right, so long as capitalism and the capitalist class continued to exist.

Liberal democracy under attack

One of the strongest features of Charles Kuttner's account is his explanation of the degradation of democracy and the rise of the authoritarian right in contemporary neoliberalism. For Kuttner this takes a number of forms, and on this his argument is very convincing.

First is that in a number of countries liberal democratic forms subsist but are gutted of their content. He uses the examples of Russia, Hungary, Poland and Turkey, and explains in detail how Turkey's Erdogan and Hungary's Orbán have used control of the state apparatus to systematically close down centres of opposition, in the media, politics and the education system. In the case of Turkey this has involved imprisoning tens of thousands, dismissing hundreds of thousands from their jobs, closing down opposition newspapers and TV stations, banning Kurdish-led opposition parties and promoting harsh nationalism and Islamism. These examples show that you don't need a fascist counter-revolution to overthrow the capitalist state to start the process of establishing right-wing authoritarianism.

Second, Kuttner spends a lot of space explaining the degradation of liberal democracy in the United States, the country that is the book's main focus. He explains how in mid-20th century America the formal structures of liberal democracy were complemented by a host of voluntary organisations with mass participation, including trade unions, political parties and many local organisations. While trade unions have come under massive attack and declined, much of the structure of civil society has also atrophied.

Third, anti-democratic judicial actions – for example against trade unions – are backed up by mass reactionary mobilisations which have many parallels with classic fascism in the 1930s.

Kuttner is absolutely correct on a fundamental point – there is no automatic equals sign between democracy and capitalism. In fact liberal democratic capitalist regimes have been an exception, not the rule, and became generalised in the advanced capitalist countries only after 1945. But:

"Some have argued that capitalism promotes democracy, because of common norms of transparency, rule of law and free competition- for markets, for ideas, for votes. In some idealized world capitalism may enhance democracy, but in the history of the West democracy has expanded by limiting the power of capitalists. When this project fails, dark forces are often unleashed. In the 20th century capitalism nicely co-existed with dictatorship, which conveniently create business friendly environments and repress independent worker organizations...Hitler had a nice

understanding with German corporations and bankers, who thrived until the unfortunate miscalculation of World War II”.

Look at China, says Kuttner. Capitalism has hardly created democracy in a one-party dictatorship that represses independent work organisations. They are not becoming more like us. We are becoming more like them.

Explaining Trump and Hilary Clinton

Kuttner’s explanation of Trump and Hilary Clinton’s presidential race will cause some raised eyebrows. He argues that Hilary Clinton refused point blank to champion the interest of the working class, but instead put ‘easier’ issues of oppression to the fore and even counterposed them to workers’ interests. He quotes a rally with a Hilary-friendly audience in Henderson, Nevada where – taking aim at Bernie Sanders - she led an audience response session, asking:

“If we broke up the big banks tomorrow, would that end racism? Would that end sexism? Would that end the oppression of the LGBT community? Would that make people feel more welcoming to immigrants overnight?”

To every rhetorical question the audience shouts ‘no!’ in response. Kuttner calls this ‘duelling’ (ie counterposing) the interests of class, race, gender and identity. He claims that identity issues and questions of sexism and racism have a ready audience among more liberal Democrats, including in the financial elites, than the straightforward issues of class exploitation and oppression. Once Bernie Sanders was defeated in the primaries, the Democrats abandoned bread and butter working class issues, like pay and jobs. This seems an entirely plausible argument. But Kuttner doesn’t at all carry out the opposite counterposition. No, he says, the Democrats were right to raise issues of racism and sexism but needed to articulate them with economic and social issues that affected every section of the working class.

The figures are truly shocking. White working class voters supported Trump by a margin of 67% to 28%. Barack Obama, because of his more critical profile, did much better among every section of the working class.

Getting Labour Wrong

Kuttner writes about Britain at one remove, and his account of how Labour became neoliberal New Labour curiously reflects the arguments of the Blairites, the very people he regards as a disgrace. The problem, according to Kushner, was the domination of Labour by the trade unions, and the refusal of the unions faced with Barbara Castle’s 1968 anti-strike *In Place of Strife* proposals, to go along with a corporate arrangement with the Callaghan government which would limit the right to strike, but give the unions ‘a place at the table’ where big decisions are made. This led to the 1979 ‘Winter of Discontent’ which undermined both Labour and the unions.

To add to this, in Kuttner’s narrative, Michael Foot’s views on Europe and nuclear disarmament, and the fact that he was personally a useless leader, led to the 1983 election defeat. This in turn eventually led to Neil Kinnock and then New Labour.

The truth is very different. Thatcher won the 1983 election on the basis of a wave of nationalist euphoria engendered by the 1982 Falkland war. Up until then Foot was actually more popular than Thatcher. (The issue of war and

militarism in neoliberalism is all but absent in Kutcher's book).

Second, Thatcherism in power was only finally secured by the defeat of the 1984-5 miners' strike, a strike that was absolutely justified and massively supported in the labour movement, the left and more progressive sections of the working class. The defeat of that strike is ultimately down to the refusal of the labour bureaucracy – in the Labour Party and the TUC – to mobilise all out for a miners' victory. Neoliberalism was installed in Britain for a sustained period by this historic defeat for the working class in a major head-on struggle with Britain's most militant union, using every ounce of police and judicial power at Thatcher's disposal, and the huge ideological cacophony of the mass media. It was that defeat that gave us New Labour and Blairism, not the failure of the unions to go along with anti-strike legislation proposed by the Callaghan government, even less the personal foibles of Michael Foot.

Doubtless Kuttner was misled by some right-wing accounts of this period, but the way he skews it is symptomatic. He is always looking for a way that mass movements can form an alliance with the government, as part of a broad project for a more democratised capitalism. That wasn't on the cards in Britain in and before the Thatcher era, neither is it likely to be on the cards if the Democrats come to power in the United States. We return to his views on this at the end.

Inevitable fascism?

Like his hero Karl Polanyi, Kuttner sees fascism, or some authoritarian modern analogue thereof, as the near-inevitable consequence of the failure to bring neoliberal capitalism under control. As noted above, this strategic view was the view of Karl Polanyi in his book *The Great Transformation*, theorising the events of the 1930s. As Kuttner notes in a separate article (6), Polanyi was "the man from Red Vienna". [\[6\]](#)

What he means by that is that Polanyi worked for in the 1920s and early 1930s in Vienna, which was then a bastion of the radical workers' movement and governed by a council controlled by the social democrats. A more egalitarian form of capitalism subsisted in the country as a whole and in Vienna the permanent mobilisation of the workers movement supported a sort of municipal socialism, with the local authority providing or controlling much of the housing, a progressive tax system, social welfare support and utilities. However this idyll did not survive the 1933 election of a right-wing authoritarian government that outlawed the socialist movement in February 1934, sending the army to attack the workers' housing estates where left wing militants resisted arms in hand. This right-wing government was itself overthrown by a Nazi coup later in the year, setting the scene for the *Anschluss* - unification with fascist Germany – two years later.

The point about Red Vienna is that even with a highly conscious and mobilised working class it was not possible to sustain it. So long as capitalism continued to exist, as Michael Kalecki noted in his work referred to above, there was always the possibility of a return of the radical right and even fascism. And of course it is very difficult to sustain mobilisation after mobilisation of the working class or even its advanced sectors, so long as no *permanent* inroads are made into the power of capital.

Kuttner's book has the great merit of reminding us that liberal democracy and a mixed economy with an extensive welfare state – the regime that existed during the long post-war boom – is an exception in the history of capitalism. It came about through a very particular set of historical circumstances, crucially involving the huge victories of the Soviet Red Army in the second world war, mass radicalisation in the occupied European countries like Italy and France, and radicalisation in the armies of the victorious countries. In this situation, as the Conservative politician Quintin Hogg noted in 1943, "either we give the masses reform, or they will give us revolution". Indeed in the post-war forums of the capitalist class internationally, there was a great fear of the Communist parties in Western

Europe, and the fear that capitalism was in danger unless radical reforms took place (and of course the economies reconstructed).

In the situation we face today democratic rights (what Trotsky called “elements of proletarian democracy within the bourgeois order”) are not just under attack from sections of the masses going over to right wing populism, but because of the urgent needs of the capitalist class itself. A free trade union movement is increasingly incompatible with neoliberalism, and in Britain and the United States many trade union rights are severely circumscribed. Many other democratic rights are under attack.

Marxists have traditionally argued that mass disaffection with the existing capitalist order creates a polarisation in politics, with many people going to the right and many to the left. Of course this is true. But the simple formula about polarisation leaves out that usually those who control the state apparatus and those who control the mass media (much more pervasive and powerful since the time of Polanyi), are a thousand times more likely to publicise and promote the right than the left. In many countries the radical left faces a de facto ban from the mass media, while the repressive state apparatuses are much more likely to be used harshly against the left.

Kuttner’s fundamental point, that the longer unconstrained capitalism persists, the more likely is an extreme right wing or fascist outcome, is surely correct. The problem is exactly how this can be avoided. Kuttner’s own solutions are limp. He places his faith in the possibility of Bernie Sanders-type radicalism (with the assistance of Massachusetts senator Elizabeth Warren) becoming dominant in the American Democratic Party and beginning to take measures to defend workers’ interests and constrain the corporations and the capitalist elite. But every section of the American ruling class, inside and outside the Democratic Party, would be mobilised to prevent such an outcome. In the Democratic Party itself we have already seen every conceivable dirty organisational trick used by the party elite to prevent Sanders getting the nomination, and every demagogic argument used against him as well (for example see Katha Pollit’s article in *The Nation* [\[7\]](#) arguing that “Bernie Sanders is a traditional leftist for whom feminism is a distraction”). The hugely powerful US mass media would be used to undermine any new radical leadership bid among the Democrats. Winning the Democratic Party for radical politics and then having it take power seems a very long shot.

In addition however there is the general question of the viability of the project of a return to the Keynesian, welfare-state compromise of the post-war era. Is it really possible that we could have what Kuttner calls “a radical transformation of capitalism into a more social economy”? The component parts of that – for example public supervision and control of the financial sector, a massive change in the tax regime for the corporations and a reduction in work time to enable public participation in politics – these ideas would be considered revolutionary by the American capitalist class. It would require a massive social upheaval that would need huge mass movements to sustain it. The idea of the Democratic Party coming to power and carrying through such a programme is every bit as utopian as a popular revolution that brings down capitalism in its entirety.

Kuttner insists that the road away from neoliberalism must be led from within the United States. It is not at all clear why that should be. The wave of teachers strikes is one of several positive signs in the United States, including the Black Lives Matter campaign and the #Me Too campaign. But in terms of radical political projects and mass struggle, it’s hard to see the lead being taken away from neoliberal politics coming in the United States.

On the other hand, the situation in Europe and Latin America is not too rosy either. The Latin American left is in retreat across the continent. Europe is a centre of the rise of right wing populism and fascism. In Europe there are of course positive left-wing developments, like Podemos in Spain and the Corbyn Labour leadership in Britain. But they are all under harsh attack and face many internal and external difficulties.

I started out by saying that although Kuttner’s solutions seem weak, the militant left struggles to put forward its own

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credible alternatives. The truth, no matter how bitter, is that without a significant regrowth of mass struggle, no effective resistance can be maintained against the further slide towards deepening authoritarianism and fascism.

That of course means the fight to establish alternatives at the level of the masses, and that in turn means left alternatives must eventually establish a credible electoral presence. As Kuttner says, "Ideas are important, but there is no substitute for political movements". There is no way out for the working class and the left without answering the questions Kuttner poses, and for this reason alone his book deserves to be read.

PS:

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[1] For example Robert Reich's Supercapitalism (Icon Books 2008), Joseph Stiglitz's The Price of Inequality (Penguin 2012), and from a much less radical position Colin Crouch's Strange Non-Death of Neoliberalism (Polity Press 2011)

[2] Karl Polanyi, The Great Transformation, Beacon Press, 1944.

[3] The End of History and the Last Man, Francis Fukuyama, Penguin books 1993

[4] <https://mronline.org/2010/05/22/political-aspects-of-full-employment/>. See also his Theory of Economic Dynamics, Monthly Review Press 2009.

[5] https://www.marxists.org/archive/mandel/1974/12/generalized_recession.htm

[6] <http://www.nybooks.com/articles/2017/12/21/karl-polanyi-man-from-red-vienna/>

[7] "[Why Bernie didn't get my vote](#)".