

Neoliberalism and Fascism

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Abstract

Fascist, semi-fascist, protofascist, or neofascist movements exist in almost every modern society as fringe phenomena. These movements must be distinguished from the general right-wing parties and movements of different hues. The latter would no doubt appear to shade into the former; nonetheless the sui generis character of the former must be underscored. This article explores the characteristics specific to these movements and poses the following questions: under what conditions do these fringe movements come to occupy center stage? What is the class basis for their coming to power? How do we explain the rise of these movements in contemporary times? And how can we visualize, in the current conjuncture, the further journey of these movements in situations where they happen to have actually come to power?

Keywords

Fascism, finance capital, neoliberalism, labor reserves, crisis

Introduction

Fascist, semi-fascist, protofascist, or neofascist movements exist in almost every modern society as fringe phenomena. These movements, though of course right-wing, anti-working people and anti-poor, in their

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essence, must be distinguished from the general right-wing parties and movements of different hues. The latter would no doubt appear to shade into the former; nonetheless, the *sui generis* character of the former must be underscored.

This consists in at least four properties that the former movements have: first, they invariably invoke acute hatred against some hapless minority groups, treating them as the 'enemy within' in a narrative of aggressive hypernationalism, and attribute all the existing social ills of the 'nation' to the presence of such groups; second, they are based not only on prejudice but also on *complete unreason*, in the sense that no amount of evidence can possibly shake off such prejudice; third, they set themselves up as *movements*, trying to acquire social hegemony, as distinct from mere secret societies or murderous gangs (though the latter may also be inspired by fascist ideology and may find room within these movements); and fourth, they are not averse to the use of street violence for achieving their political ends, and visualize, even in the event of having access to state power, a combination of street violence and the use of state power against the targeted minorities, and, of course, against all liberal, democratic, and progressive opinion that is opposed to them.

These characteristics constituting their *differentia specifica* (specific difference) from general right-wing parties relate to fascist *movements* and not to fascists *in power* (who have to develop additional characteristics for acquiring power, which we shall discuss shortly). While such movements may be fringe phenomena at most times, there are certain historical junctures at which they move center stage. The characteristics of such junctures have been much discussed in the past. But given the current upsurge of such movements worldwide, there is scope for a reopening of this discussion.

The purpose of the present article is to do so. In particular, the questions with which we shall be concerned here are: under what conditions do these fringe movements come to occupy center stage? What is the class basis for their coming to power? How do we explain the rise of these movements in contemporary times? And how can we visualize, in the current conjuncture, the further journey of these movements in situations where they happen to have actually come to power? Since we shall be discussing these questions at a certain level of generality, there may be important specificities of particular movements in particular countries that may not get captured by our discussion; however, that is a necessary price to pay in any discussion that is pitched at a certain level of generality.

Conditions for the Rise of Fascism

To start with, we must distinguish between a fascist movement and a fascist state. Our concern at present is with the fascist movement, and as already mentioned, such movements must be distinguished, on the one hand, from right-wing bourgeois parties and, on the other, from the murderous gangs that have been historically used against the Left all over the world, a notable instance being Latin America in recent years. Once we distinguish fascist movements from mere murderous gangs, seeing the upsurge of fascism essentially only as a weapon of the ruling classes against an emergent Left in conditions of economic and social crisis, and loss of legitimacy of the system, becomes inadequate. No doubt, as we shall see, such movements *are* patronized by the corporate-financial oligarchy as a weapon against the Left, especially in times of crisis, but there is more to such movements than just this.

They are, after all, *movements* and not just secret societies of thugs and murderers; their popular base expands at certain times, and this expansion, though aided by the corporate-financial oligarchy, cannot merely be at the behest of it. The question of why it expands has got to be answered separately. In what follows, I shall focus mainly on the political economy underlying the conjuncture that aids its growth.

This expansion occurs, in my view, when three conditions are satisfied: first, an urgent need is felt among the people in a particular economic situation, like during an economic crisis, for breaking out of this situation, that is, for urgently effecting a change in this setting; second, all traditional bourgeois, that is, non-fascist, political formations, find themselves incapable of providing any way out of the given economic situation, in the sense of pursuing a set of economic policies that may lead to its transcendence; and third, the Left, for some reason, does not happen to be in a position to seize the initiative. In short, fascism thrives when there is a stasis which the people urgently want broken, but which the bourgeois formations are immanently incapable of breaking, while the Left, which can do so, is not in a position to break.

I accept, therefore, the link that has been traditionally perceived between a period of capitalist crisis and the upsurge of fascism; but I believe that this link has to be seen as being mediated through an expansion of the popular base of the movement, and not as a mere conspiracy of the ruling oligarchy to thwart the growth of working class militancy that the crisis may engender.

Fascism seizes its opportunity at such a juncture *not* because it advances some alternative economic policy to the one being advanced by traditional bourgeois political formations, *but by bringing about a discourse shift*. Fascism is extraordinarily vague about its economic policies, or any other policies for that matter. It does not suggest new policies within the given terrain of discourse that all bourgeois parties share; it advances a completely new terrain of discourse.

When the three conditions mentioned earlier are satisfied, large segments of the population, especially those belonging to the amorphous 'middle class' (and in certain circumstances 'abandoned' workers who feel betrayed by their traditional leadership), feel the need, in their desperation, for a 'messiah' who can deliver them from this cul-de-sac that is marked by their hopelessness and misery; and fascist movements thrive by projecting such a 'messiah.' They promise a way out of the political *impasse* not on the basis of a credible economic program: such a program would necessarily require a reasoned and dispassionate analysis and would point to the need for transcending at least the prevalent phase of the economic system that traps the people in the grip of a crisis; they promise a way out through a recourse to hyperbole based on unreason.

Fascist movements in this sense are the diametrical opposite of socialist movements: while socialism seeks a solution to the crisis by breaking out of the political stasis through an economic program promising to transcend the phase of capitalism that has produced the crisis in the first place, fascism promises a break out of this stasis not through a concrete program but through extravagant unreason.

This last point may be contested on the basis of the 1930s German and Japanese experience. It may be argued that the Nazis, after all, did get Germany out of the depression-induced unemployment through their war preparations; so, they did have a program for overcoming the crisis.

But this represents an inaccurate understanding. German fascism, even though it in fact played the role of promoting employment through its rearmament drive, which constituted an early version of 'military Keynesianism,' cannot just be seen as a conscious effort to introduce 'military Keynesianism.' It was hell-bent on war, utilizing, no doubt, the genuine grievances of the German people who had been victimized under the Treaty of Versailles. But its commitment to war was not simply for addressing these grievances; its war plan was quite independent and was based on extreme unreason, such as the concept of a 'master race,' the vision of a 1,000-year-old Reich, and other similar absurdities. The economic program of the Nazis was a mere fallout of this unreason, not

a thought-out agenda of 'military Keynesianism' for arriving at full employment.

Likewise, the priority of Japanese fascism was unleashing war rather than providing employment, which is why it assassinated Finance Minister Takahashi, *after* his program of 'military Keynesianism' had *already* taken Japan close to full employment and he wanted to end any further increase in war expenditure.

Hence, fascism does not propose an economic agenda transcending the conjuncture within which the people are trapped in a crisis. It represents basically an appeal to unreason, within this conjuncture that is conducive to such an appeal, even though the fallout of a fascist ascendancy to power could well be an overcoming of the crisis, as it was in the 1930s; such a fallout, however, is not inevitable, and, as we shall argue later, is unlikely in the current conjuncture, in the context of the current ascendancy of fascism.

The 'closure of politics' that marked the conjuncture of the 1930s in Germany, where 'normal' political activity appeared singularly incapable of breaking out of the crisis that was the hallmark of the conjuncture, arose for two reasons: first, finance capital is always opposed to any direct intervention by the state for increasing aggregate demand, and hence employment and output, though it invariably supports and demands state intervention *in its own interests*; within the prevailing regime of the hegemony of finance capital, therefore, the possibility of any program by any bourgeois political party for finding a way out of the Depression, via intervention by the nation-state, simply did not arise. And the possibility of a coordinated fiscal stimulus by several nation-states acting in concert, which could *conceivably* have overcome the opposition of particular finance capitals and which was mooted by some German trade unions and by the English economist J. M. Keynes, was also scuttled by the opposition of finance (even in the USA where, within a liberal democratic political regime, an expansionary economic policy was initiated through Franklin D. Roosevelt's New Deal, a halt was quickly applied to this policy, which in turn precipitated a fresh recession in 1937).¹

Second, Germany also had an additional constraint. It had to carry the albatross of the war reparation payments imposed upon it by the Treaty of Versailles, which further restricted the scope for embarking on any program for effecting a recovery by any bourgeois political formation. The cessation of loans that had come to Germany under the Dawes Plan and Britain's abandonment of the gold standard at a time when Germany under the Young Plan was not permitted to depreciate its currency, which

made German exports uncompetitive, combined to add to Germany's woes. The German Chancellor Brüning's policy of deflation and 'austerity,' in a bid to appease creditor nations into relaxing Germany's terms of payment, did not face much competition from any other alternative advanced by any other bourgeois party, though it greatly accentuated the crisis and unemployment.

As for the German Left, disunity made it impossible for the Left to provide any alternative program. The animosity between the communists (pursuing the sectarian 'Third Period' line laid down by the Sixth Congress of the Communist International which branded the social democrats as 'Social Fascists') and the social democrats (who likewise argued that there was no difference between Thalmann and Hitler and between the communists and the Nazis) prevented any possibility of a joint Left program. At the same time, neither alone could present such an alternative. The social democrats were too pusillanimous to repudiate the legacy of Versailles, or even to launch a counterattack against Brüning's 'austerity,' while the communists, intent on attempting a revolutionary uprising, had little interest in proposing an interim transitional program that could mobilize popular support for a change starting from within the bourgeois order.

At the same time, repeated attempts at effecting revolutionary uprisings had not only failed but had also led to a situation where successive attempts became weaker and weaker over time. True, under the conditions of mass unemployment, the strength of the communists and their voting percentage had increased greatly, with many young unemployed workers joining the party; but this was not enough to give the communists on their own the strategic strength to provide a way out of the prevailing impasse. Walter Benjamin's insight that fascism arose on the base of a failed revolution was therefore an apposite description of the situation.

Thus, the predicament of Germany, its political stasis in the midst of crisis, arose from the fact that while the remedy offered by the bourgeois formations aggravated the crisis, the Left was too divided to offer a credible alternative. Fascism thrived under these conditions, with the vote share of the Nazis going from a mere 2.8 per cent in 1928 to 37.4 per cent in July 1932.

The fact that fascist movements have little by way of thought-out economic programs does not mean that they can pursue any policy when in power. *They invariably act in the interests of the corporate-financial oligarchy when in power*, no matter what anti-capitalist rhetoric they may have used before coming to power. Indeed, the contradiction between the rhetoric of the fascists before coming to power and the

accommodation they work out with corporate capital when in power is usually resolved through a purge of their own rank and file by the fascists, of which the 'Night of Long Knives' in Germany when Ernst Rohm and the Storm Battalion (Sturmabteilung, SA) were brutally suppressed was the classic example.

In fact, the fascist climb to power, though based on an increase in popular support, becomes possible only through corporate backing. And such backing comes to them, to start with, precisely because they do not have any economic agenda of their own, precisely because they represent a discourse shift away from the economic issues on which typically the Left focuses, and precisely because they are themselves malleable on economic matters while diverting attention away from such matters. Fascism, in short, while not having any economic program of its own, shifts attention away from the economic terrain altogether, and therein lies, to start with, its attraction for the corporate-financial oligarchy, which is why it starts backing the fascists. Through such backing, of course, it gets the fascists, when they do come to power, to promote directly its own interests, no matter what their original rhetoric.

The pro-corporate nature of fascism in power has been almost universally acknowledged, and there is no need to dwell upon it at length. Georgi Dimitrov's (1938) characterization of the fascist state as the open terrorist dictatorship of the most reactionary sections of finance capital constituted, after the Seventh Congress of the Communist International, the standard Communist definition. Michal Kalecki (1943/1971), writing much later, had called fascism in power an alliance between corporate capital and the 'fascist upstarts.' And even Mussolini is supposed to have called fascism (by which he presumably meant fascism in power) a 'merger of state and corporate power' (though his saying this is not established). This alliance between corporate capital and the fascists is based on the fact that the former is not perturbed by the fascist agenda of pogroms and victimization of minorities, while the fascists, in power, are perfectly happy to carry out the corporate agenda.

The Stasis Under Neoliberalism

Let us now see how the conditions we set out above as being conducive to the growth of fascism are fulfilled under neoliberalism. Neoliberal economic policies are the outcome of a regime of hegemony of international finance capital; they express the predilections of international

finance capital. In a world where capital is globalized, that is, international, and the state remains a nation-state, these predilections are what get imposed on every nation-state, for otherwise, capital would flow out of the country, causing acute financial crisis.

Precisely for this reason, however, no matter whom the people elect to form the government, *unless* that government takes the country out of the vortex of globalized finance, the same set of policies continues to be pursued. Typically, therefore, all bourgeois political formations, and social democratic ones too, as long as they are pusillanimous enough not to delink from globalization by at least putting up capital controls, pursue the same set of policies when they are in power. The political ‘closure’ that a neoliberal regime imposes arises from this basic fact.

Neoliberalism, however, does not only entail a political ‘closure,’ where no matter what the circumstances are, the same set of policies must be followed. That is, not only does it make all the bourgeois and pusillanimous social democratic political formations incapable of pursuing any set of policies other than what are broadly covered under the term ‘neoliberal’ policies, it also precipitates a crisis which necessarily demands, ironically, the pursuit of an alternative set of policies.²

This crisis arises owing to two factors, which can be stated as follows. First, metropolitan capital in the new situation locates activities in the low-wage Third World countries for meeting global demand, instead of, as earlier, locating activities within the metropolis itself. This fact—while it does not cause any reduction in the relative size of Third World labor reserves, because the activities so relocated to the Third World involve technologies that are not particularly employment-intensive and also because a simultaneous process of dispossession of petty producers is let loose under ‘neoliberalism’ (on which more later)—implies that the vector of real wages everywhere ceases to rise.

The fact that the relative size of Third World labor reserves does not diminish keeps Third World real wages tied as before to a near-subsistence level. But the competition with Third World workers which the mobility of capital now introduces for the advanced countries’ workers entails that their wages too, if they do not exactly fall to the level of Third World wages, at least cease to rise. The vector of real wages, therefore, taking the advanced country and the Third World workers together, ceases to increase.

But while the vector of real wages does not increase, the vector of labor productivities everywhere keeps increasing, so that we have a shift of income distribution from wages to surplus within every country. This causes an increase in inequality in every country of the world in the era

of neoliberalism, a fact that has been noted by many writers, including Thomas Piketty and his associates (though they give very different reasons for it). In addition, however, since the propensity to consume out of wage incomes is higher than the propensity to consume out of surplus incomes, it creates an *ex ante* tendency toward demand deficiency, that is, toward overproduction, in each economy of the world.

Such an *ex ante* tendency *within* each economy could, in principle, be counteracted for the world economy as a whole, if the shift of activities and of output through outsourcing was from economies with a lower propensity to consume to economies with a higher propensity to consume; but, in fact, the characteristics of the outsourcing economies and the recipient economies are just the opposite of this. In the USA, for instance, a dollar of income generates a larger consumption than a dollar of income in China or India, so that the *ex ante* tendency within each country gets further supplemented through the relocation of activities. The *ex ante* tendency toward overproduction becomes, therefore, a characteristic of the world economy as whole. In other words, the very functioning of the world economy in the era of globalization is marked by an *ex ante* tendency toward overproduction and, hence, crisis.

And here we come to the second factor. An *ex ante* tendency toward overproduction and, hence, crisis, need not get *realized*, if there is some counteracting tendency acting against it; and such a counteracting tendency could be provided by the state if it consciously intervened to boost demand in order to keep any overproduction crisis at bay.

This, however, cannot occur in the present case. The *ex ante* tendency toward overproduction does not remain, in the present case, a mere *ex ante* tendency, but actually bursts forth into a crisis, because the state that could counteract it is unable to do so. Being a nation-state, it must follow the predilections of globalized finance, for otherwise, there would be a flight of finance from the economy concerned, precipitating a financial crisis. And since finance capital does not approve of any state intervention for directly stimulating aggregate demand (in fact, it wants state intervention exclusively in its own interest), the state must eschew any such direct activism for stimulating aggregate demand. Every nation-state, in other words, is hamstrung in the matter of stimulating demand for countering the tendency toward overproduction within its own boundaries.

The US state, it may be argued with some justification, should be an exception to this assertion. It should be able to stimulate aggregate demand within its economy with impunity, since finance is unlikely to engage in a flight *from* the US economy whose currency is considered to

be 'as good as gold.' But the US state too does not do so, because any such action on its part, within the existing framework of globalization which entails relatively free movement of goods and services across borders, will only generate employment in other countries, to which its demand will leak out;³ and while doing so, it will simultaneously create greater external indebtedness for the USA. The tendency to eschew direct demand stimulation, therefore, characterizes all states, including the US state.

There is, however, an additional possibility to be explored, namely that it is not any one single state that stimulates aggregate demand within its own boundaries, but several major states that come together to provide a coordinated fiscal stimulus so that aggregate demand increases in the world economy as a whole. Such a move would amount to several major states coming together to act like a surrogate world state and stimulate the world economy as a whole.

The prospects of such a coordinated intervention by several nation-states, acting together as a surrogate world state that can ignore the pressures of international finance capital, remain, however, as distant today as they had been in the 1930s, when the proposal was first mooted in the context of the Great Depression.

The *ex ante* tendency toward overproduction, therefore, becomes, under the present neoliberal dispensation, an *ex post* overproduction crisis of the sort we are witnessing today, with no possible end in sight, other than the emergence of occasional asset price bubbles which can boost real demand but which, even when they do occur, can only provide transient relief followed invariably by an immersion back into the crisis. In fact, the 'recoveries' which have been periodically hailed in the years since 2008 have all been of this kind: a small bubble in the USA stimulating a brief recovery before its collapse causes a setback once more. The analogy of the world economy today to a ball bouncing along the floor, where its coming up creates talk of a recovery which collapses when the ball moves down, seems an apposite one. What we witness in the world economy today, therefore, is a protracted crisis.

Neoliberalism, in short, has brought the world economy into a crisis, from which no bourgeois, or even social democratic, political formations are in any position to extricate their respective national economies. They can do so only by delinking, in some measure, from globalization, that is, by going beyond the current phase of capitalism, marked by the hegemony of globalized finance; but they are immanently incapable of doing so by their class orientation. Such a going beyond is possible only on the basis of the class support of the working people, but bourgeois

political formations can hardly be expected to mobilize such support *against* the demands of international finance capital. Even social democratic formations, afraid of the transitional difficulties that would arise as a result of any delinking from globalization, are loath to attempt any going beyond the current phase of capitalism.

Two of the three conditions for the emergence of fascism mentioned earlier, namely the existence of a crisis, a cul-de-sac, a stasis that people would desperately like to overcome, and the utter incapacity of the traditionally powerful and established political formations to do so, are thus satisfied in the contemporary conjuncture. But what of the third condition, namely the inadequacy of the Left's response? Is this condition too satisfied in the current conjuncture?

Neoliberalism, in fact, has a spontaneous tendency to weaken class resistance against it through its 'normal' functioning *even before any crisis has set in*. This is because the global mobility of capital, in a world where not just class struggle but even trade union struggle occurs essentially within national boundaries, serves to weaken such struggles. The fear of capital relocating production elsewhere (since struggles across countries are not coordinated), and thereby making matters worse for the struggling workers within any particular country, haunts these workers. And likewise, the prospect of a flight of finance in the event of workers' militancy, which would bring drastic anti-working-class deflationary measures in its wake, also hangs as a Damocles sword on the working people. Added to this is a weakening of trade unions for at least two further reasons: one is the privatization of public sector units. It is well known that trade unions are stronger in the public sector than in the private sector all over the world: in the USA, for instance, while nearly a third of the employees in the public sector (including in the sphere of education) are unionized, the corresponding figure for the private sector is only about 7 per cent. Hence, the privatization of public sector units has the effect of weakening the trade union movement through a breakup of unions and a reduction in the extent of unionization.

The second is the fact that the relative size of the reserve army of labor increases *everywhere* under neoliberalism, though the manner in which this increase manifests itself differs across countries; and since an increase in the relative size of the reserve army has the effect of weakening the trade union movement, neoliberalism brings about such a weakening for this reason as well.

In the advanced capitalist world, the rise in the relative size in the reserve army of labor is the direct result of capital's relocating activities to lower-wage countries. This naturally causes a larger level of

unemployment than would have otherwise prevailed. In the Third World countries, on the other hand, to which such relocation of activities occurs, there is no corresponding reduction in the relative size of the labor reserves despite such relocation. This is because, quite apart from such relocation, neoliberal policies there have another important consequence, namely the unleashing of a process of dispossession of petty producers through the encroachment of corporate capital, both domestic and foreign, and of the state on behalf of such capital, upon this sector.

Such encroachment upon petty production, which is an immanent tendency of capital, was, to an extent, kept in check by the dirigiste regimes that came up in the Third World in the wake of decolonization. The anti-colonial struggles in these countries had taken off in the 1930s because the peasantry, suffering under the impact of the Great Depression, had joined it in large numbers, owing to its promise that such distress would never again visit them after independence. This promise had to be redeemed, and the dirigiste regimes had sought to do so through a whole set of measures protecting, promoting, and defending the petty-production sector, among which insulation from world market price fluctuations and state intervention to provide remunerative prices to peasants were important ones. Not all peasants, of course, benefited equally from such measures; the rich peasants and the landlords obtained the lion's share of the benefits, but these measures entailed that domestic and foreign corporates were largely kept out of the agricultural sector.

This protection, however, disappears with neoliberalism, and an obvious consequence of such disappearance is the unleashing of what Marx had called a process of 'primitive accumulation of capital.' Such primitive accumulation occurs in both 'stock' and 'flow' terms, that is, in terms of both outright dispossession of the petty producers by corporate capital (or buying out their rights to assets 'for a song') and a squeeze on their incomes to a degree where even 'simple reproduction' becomes impossible for them. The large-scale peasant suicides in India under neoliberalism, which has cost 300,000 peasant lives over a period of a decade and a half, and which is quite unprecedented in India's history, is indicative of this process of primitive accumulation of capital.

This process of primitive accumulation has meant large numbers of peasants leaving their land and migrating to cities in search of jobs; but the number of jobs created by neoliberalism, even when the rate of growth of the GDP has been impressive, is extremely small. This is because all restrictions on structural-cum-technological change, of the sort that had been in force under the dirigiste regime, are removed under neoliberalism, which unleashes extremely high rates of labor productivity

growth and corresponding low rates of growth of employment. In India, for instance, between 2004–2005 and 2009–2010, when the rate of growth of GDP was around 8 per cent per annum, the rate of growth of ‘usual status’ employment (that is, the growth rate in the numbers of those who consider being employed as their usual status) was a mere 0.8 per cent (Chandrasekhar & Ghosh, 2011). This latter rate was far below the natural rate of growth of the workforce, let alone the growth of the workforce inclusive of the displaced petty producers seeking work.

A comparison between the dirigiste and the neoliberal periods in India is instructive in this regard. During the dirigiste period, the rate of GDP growth was just around 3.5 per cent, which doubled in the neoliberal period, a fact much celebrated by successive governments and the Bretton Woods institutions. But during the dirigiste period, the rate of growth of employment was around 2 per cent per annum, while under neoliberalism, it has dropped to less than 1 per cent per annum!

A rise in the relative size of the reserve army of labor under these circumstances is obvious. But such a rise weakens the trade union movement not just directly but also for an additional reason, namely that the *form of employment rationing* itself undergoes a change. Instead of, say, 90 persons out of a total workforce of 100 being employed and 10 being unemployed, we move toward a situation where almost everybody is employed for 90 per cent of the time; that is, instead of the active army and the reserve army of labor being two clearly distinguishable and identifiable entities, there is a proliferation of casual employment, part-time employment, intermittent employment, disguised unemployment, ‘petty entrepreneurship’ (often a form of disguised unemployment), and such like. And even the employment that is generated often takes the form, as in the garments industry, of ‘domestic production.’

Employment, in short, takes a form that no longer resembles the active army of yore which could be unionized. Unionization now becomes far more difficult in the new situation because of such casualization of work, and this affects the striking capacity of the Left. In addition, the burgeoning reserve army in this form creates a large lumpenproletariat that is used by fascism for its strong-arm tactics.

Exactly the same can be said about the peasantry too. Exposed now to the depredations of multinational agribusiness and greatly handicapped by the absence of any state support in its confrontation with the latter, the peasantry’s striking capacity goes down compared to earlier. The very resort to suicides, noted above, is an indicator of it.

In addition to all these factors, there is the Left’s own tendency under neoliberalism, not consciously, of course, to get hegemonized by the

neoliberal ideology. This occurs for two reasons. One is that, since neoliberalism prior to the crisis had brought about high growth rates in many parts of the Third World, the Left had been taken in by its apparent capacity to ‘develop the productive forces,’ so that, notwithstanding the squeeze it imposed on the working people, the Left did not see it as historically obsolete, that is, as being ripe for transcendence. The other is that, since globalization, even under the hegemony of international finance capital, has represented some kind of a distorted form of internationalism, and since any resistance to neoliberalism would entail perforce a certain retreat from it, into a certain ‘nationalism,’ that was perceived to be reactionary, the Left has been rather ambivalent about pushing this resistance forward beyond a point.

All this is not true for the Left as a whole or the Left everywhere. It is true only of certain segments of the Left, and more in some parts of the world than in others. And the weakening of Left praxis arising for all these reasons has not been an absolute phenomenon; but it has, nonetheless, made possible the growth of fascism. From the USA to Europe to India, fascist formations have become far more powerful than ever before since the Second World War. They are in power in some countries like the USA and India, and knocking at the doors of power in others; but nowhere as yet do we have a fascist State. Where the Left has managed to reassert itself against neoliberalism, like in Britain and France, it has, to an extent, rolled back the fascist challenge. But this challenge has to be understood in its complexity, a point to which I shall now turn.

The Challenge of Fascism

A major difference between the 1930s and now is that finance capital at that time was *nation-based* and interested in acquiring or defending ‘economic territory’ vis-a-vis other rival nation-based finance capitals, that is, in maintaining or enlarging its share in a partitioned world. But finance capital today is *international* and hence opposed to any partitioning of the world whatsoever. We have already seen one implication of this difference, namely that contemporary fascism is incapable of providing, even as a by-product of a militarist drive, any alleviation from crisis to the working people. This is because state expenditure financed either by taxes on capitalists or by borrowing—the only ways of financing through which the state can effect a net expansion in aggregate demand—are both frowned upon by international finance capital whose writ cannot be ignored even by a fascist state.

For the same reason, however, notwithstanding all the sabre-rattling, even fascist states, if they come into being, are unlikely to engage in large-scale wars as before, that is, wars other than localized ones. Contemporary fascism, therefore, is unlikely either to get the kind of support that fascism had got earlier (because of providing relief from crisis) or to burn itself out through large-scale wars as earlier. *For that very reason, it is likely to be a far more lingering phenomenon.*

The fact that large-scale wars between major powers are unlikely under contemporary fascism is no doubt a source of relief. But even local wars can have devastating consequences; besides, even this lingering lower-intensity fascism, which may or may not succeed in ushering a full-fledged fascist state, is no less dangerous for that reason.

To be sure, notwithstanding the growing strength of fascism world-wide, fascist regimes themselves may not come to power in many places, or, where they do come to power, may not be able to set up fascist states and thereby perpetuate their rule. Michal Kalecki's (1943/1971) famous remark that 'under fascism there is no next government' may not hold true this time, as it had done in the earlier period in the context of which the remark was made. But it does mean that contemporary fascism is going to be around for some time.

Since, for reasons discussed earlier, the conjuncture produced by neoliberal capitalism that has created a pronounced tendency toward fascism is not going to change as long as neoliberal capitalism lasts, we are stuck with a perennial presence of fascism as long as neoliberal capitalism lasts. If fascism presses on toward a fascist state, the danger it poses is obvious. But even if it plays the 'electoral game,' and quits power when voted out, it will still continue to remain an alternative, and periodically return to power, leading to a sure, though gradual, 'fascification' of the polity and society that snuffs out humane attitudes, democratic consciousness, and liberal, not to say progressive, opinions.

Within neoliberal capitalism, therefore, there seems to be no way of extinguishing or marginalizing the fascist presence. Fascism is neoliberal capitalism's 'gift' to mankind in the period of its maturity, when it submerges the world economy in a crisis, and reaches a dead end from which there is no obvious escape.

The only way of transcending the fascist presence is to transcend neoliberal capitalism. The Left can do this, and proceed toward a socialist alternative, but only by winning over the liberal constituency. For that, however, it has to have an understanding with the liberal political forces against fascism, even while insisting on an economic program that takes the people beyond what neoliberal capitalism offers.

Any such economic program, however, if it is at all a significant one, will instantly come up against the opposition of finance capital. Financing any such program, an obvious instance of which would be a universal publicly funded health-care service in countries like India on the European pattern, will require larger state expenditure. Such expenditure will have to be financed through either taxes on capitalists or government borrowing, since taxing the working people for financing such a program will not cause any net improvement in their welfare. And as already discussed, financing of larger state expenditure through either of these means will be opposed by international finance capital.

Hence, any such economic program will require a degree of delinking from the current globalization, in the form of controls on capital flows to start with, which perforce will have to be widened, as finance capital gets major capitalist states to impose sanctions against such an intransigent country. Hence even a 'reformist' step of providing relief within the existing system would start a dialectical process leading to a transcendence of neoliberal capitalism, if these reforms are persisted with.

The Left alone among the existing political forces opposed to fascism has a vision that extends beyond neoliberal capitalism. This is why it alone is capable of taking the lead in the fight against fascism, since such a fight necessarily entails transcending the conjuncture that produces fascism, a conjuncture that is created by neoliberal capitalism and that can be overcome only through a transcendence of neoliberal capitalism itself.

For playing its potential role, however, the Left has to mobilize and work with all other anti-fascist forces in society and to overcome its own ambivalence toward neoliberal capitalism.

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Notes

1. For a discussion of the period of the Great Depression, see Kindleberger (1973).
2. For a fuller discussion of the crisis, see Patnaik (2016).
3. In fact, this is what Trump is trying to change through his protectionism, on which more later.

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