

FASCISM VERSUS CAPITALISM

LLEWELLYN H. ROCKWELL THE MISES INSTITUTE 2013

About 30 years ago I wrote a book with the edifying title of “95 Per Cent is Crap: a Plain Man’s Guide to British Politics”. It was recommended by F. A. Hayek. Many years later I wrote a follow-up text.

It is not surprising that Ludwig von Mises was my staple diet from then on. However, despite this, only recently have I read a few books which cover the contrast between fascism and capitalism.

Several of these books provide wonderful insights for those interested in economics and politics.

An important first question when dealing with this subject is to define what actually is fascism? And how does it compare with capitalism?

Most people would probably be stumped by this question, simply because they do not understand fascism at all.

The book *Fascism versus Capitalism*, by Llewellyn H. Rockwell, is a goldmine, as he sets out the eight marks of fascist policy, building upon what was originally set out by John T. Flynn, the American journalist, who wrote *As We Go Marching*, published in 1944.

Flynn immediately turned to the incredible collaboration between right and left. The collaboration between people of the extreme right and left arose because both urged for more regulation in precisely the same statist direction.

Hence, it was argued, the economic system must be controlled by cartelised producing groups.

The part that best sums up the essential message of the book is Rockwell’s recovery of and commentary on Flynn’s list of eight key points taken to be the hallmarks of fascism.

These points are listed



below with comments on the contemporary US situation added where appropriate:

- Government is totalitarian, acknowledging no restraint on its powers. On this point, Rockwell argues “all of us today are but one step away from Guantanamo”
- Government is a de facto dictatorship based on the leadership principle. The executive state in the US is such a state with all directions flowing from the White House down. The role of the courts is to a large extent to enforce the will of the executive
- Government administers a capitalist system with an immense bureaucracy. The planned economy is the heart, lungs, and veins of the planning state
- Many producers are organised into cartels in the form of syndicates. In the US giant banks, pharmaceuticals, insurers and car companies have all worked closely with (and often within) the state

The shadow of economic fascism

apparatus

- Economic planning is based on the principle of national economic self-sufficiency. This requires a big state to support expansionism. This is often at the core of US energy and agriculture policy
- Government sustains economic life through spending and borrowing
- Militarism is a mainstay of government spending
- Military spending has imperialist aims

The technical distinction between fascism, in which enterprises are nominally in the private sector but are state-directed and communism, in which “enterprises” are clearly state-owned, can be illustrated by remembering the US’s National Industrial Recovery Act (NIRA).

This was passed in 1933 – as it happens when Mussolini was at the peak of his powers and international reputation. Under the NIRA, the President gained very significant powers over the economy. This set the stage for massive state-corporate regulation.

In a sense this was nothing less than economic fascism, primarily promoted by American businessmen in tandem with the government.

If we think carefully, I suggest that this is not a million miles away from the UK’s situation today.

The distasteful and racist overtones are not there but there are many areas where strategic economic policy and control of sectors such as education are beginning to look somewhat like the economic side of fascism.

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A powerful defence of liberalism

Karl Popper was born in Vienna in 1902. He died as Sir Karl Popper in 1994, a proud British subject. His works were mainly focused on the philosophy of knowledge and science.

He became highly influential – perhaps more so amongst scientists than professional philosophers. Nevertheless, his brief incursions into political thought – *The Open Society and Its Enemies*, in 1945, and *The Poverty of Historicism*, in 1957 – bestowed upon him worldwide fame.

Popper wrote *The Open Society and Its Enemies* between 1938 and 1943 during his voluntary exile from Austria. He could not immediately find a publisher, however, and it was Ernst Gombrich and F. A. Hayek, in London, who managed to get the book published by Routledge & Kegan Paul, in 1945.

Karl Popper presented this book as a defence of liberal democracies. According to Popper, the twentieth-century conflict in which liberal democracies were opposed to Nazi and Communist regimes was similar to the conflict between the Athenian democracy and Spartan tyranny.

In chapter 10 of *The Open Society*, Popper wrote a powerful and moving defence of the ideal of the open society, referring to its origins and to the commercial, seafaring, democratic and individualistic civilisation of the fifth-century BC Athenian enlightenment.

In the book, Karl Popper launched a fiery attack on three great philosophers considered by him as the main enemies of the open society: Plato, Hegel and Marx.

He attributed to them, in different degrees, the promotion of poisonous ideas that have been responsible for the attacks on the open society: historicism,

THE OPEN SOCIETY AND ITS ENEMIES

KARL R. POPPER ROUTLEDGE & KEGAN PAUL, 1945



collectivism, ethical positivism and utopianism.

These views share the same animosity against the principles of liberty and personal responsibility that Popper defined as the core of the open society.

Being a committed defender of liberal democracy, Popper was also a forceful critic of the so-called principle of “popular sovereignty”.

Democracy, he argued, is not about “who should rule” but about much more fundamental questions: how to avoid tyranny and how to allow change without bloodshed.

Western democracies are the result of a long process of limiting power. The rule of law and constitutional government have been crucial elements of this process.

As in the *Federalist Papers* or in Edmund Burke’s views of accountable government, Popper’s theory of representative government defines it as one of the instruments to limit power, and not as a source of absolute power to be transferred from one, or from the few, to all.

There is a clear analogy

here with Popper’s theory of knowledge, where the sources of knowledge do not retain ultimate authority: the emphasis is given to the tension between rival proposals in the attempt of mutual refutation between conjectures.

For this reason, Popper also argued that the most adequate electoral system for this vision of democracy is a majority system based on uninominal circles, as opposed to proportional systems of representation based on party lists.

The former is the prevalent system among the English-speaking peoples, whom Popper thought were a sort of bulwark of freedom in the modern world.

In 1961, Karl Popper decided to include an addendum to the 1945 edition of *The Open Society*, entitled *Facts, standards, and truth: a further criticism of relativism*.

In this essay, Popper presents his theory of “fallibilistic absolutism”: a view that combines the defence of the existence of an objective and absolute standard of truth with recognition of the fallibility of the criteria to identify the truth.

This can be similarly applied to the moral realm, although Popper recognised that the concepts of “good” or “justice” are obviously more complex than the concept of “truth”.

However, he argued, we can also learn from our mistakes in the realm of moral standards, and we can also seek more demanding moral standards.

He believed that this was a fundamental characteristic of liberalism which involves searching for ever better standards, especially in the field of politics and of legislation.

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