

TOWARDS A LIBERTARIAN THEORY OF FASCISM

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In this paper I try to develop an analysis of German fascism with the intellectual tools of libertarian theory. The analysis concentrates on the socioeconomic dynamics of the interactions between organised interest groups which brought about fascism.

But what is such an analysis good for?

Besides being sometimes entertaining, history in my opinion is useful in teaching us a lesson for the future. The history I am going to speak about is, to be sure, not entertaining at all. It is frightening. Thus, in the present context I try to outline a libertarian theory of fascism which might teach us how to fight for freedom in our own time.

I The Need for Theory

Why do we need a special theory of fascism? Many libertarians seem to think it sufficient to compare fascism, communism and the welfare state and to find equally totalitarian structures. But the very fact that those American critics of the New Deal who pointed out to its underlying fascist economy, such as Rose Wilder Lane, Albert Jay Nock and John T. Flynn, survived without being shot by the Roosevelt administration whereas German, Italian and Spanish critics were shot if they had no chance to emigrate, demonstrates the great difference between fascism and the democratic welfare state.

II Fascism and Communism

The difference between fascism and communism, on the other hand, has nothing to do with the structure of the state. Both structures are totalitarian. They do not allow political competition between different parties, freedom of the press and freedom of association. But fascism and communism differ in the objects of their policies.

Of course, to those who are subjected to totalitarian oppression the objects of the policies are of no great importance. But if we want to understand *why* the masses of the people or the state apparatus turn either to communism or to fascism we must analyse especially the differences between the two political concepts. Only by looking at these differences can we develop a strategy against the totalitarian tendencies of *both*.

III The German Case

Discussing fascism, I will concentrate on the German variant, that is, National Socialism. National Socialism was the most extreme, most developed, and best organised variant of fascism. There were other countries ruled by fascist governments; Italy, Spain, Portugal and Argentina. The question of whether there is a fascism of today will be discussed later on.

My analysis of fascism contains three elements:

1. Fascism as socialism of property owners;
2. Fascism as a conservative revolutionary mass-movement;
3. Fascism as the result of statist traditions.

IV Fascism and Business

Historians, mostly Marxist ones, have shown the close relationship between business leaders and the National Socialist Party in the early 1930's. This relationship is a fact. Marxists, of course, use this fact to bolster their calling fascism a "variant of capitalist rule". To a libertarian observer this interpretation of the undeniable fact is obviously false. Let us take a closer look at the relationship between National Socialism and business.

There were three types of businessmen supporting the Nazi Party: (i) big business leaders engaged in business totally dependent on the state, like banking; (ii) big business leaders of huge corporations encouraged, subsidised, or founded by the state, most often in the second half of the nineteenth century; (iii) many small businessmen working in what was left of the market.

V Big Business

Turning to the first two types of businessmen supporting Hitler, it is clear to any libertarian what they expected from a Nazi government. During the 1920's, they had financed moderate liberal, conservative, and even socialist parties and their formulas for solving the economic and political crises. Problem-solving from these businessmen's points of view meant securing or expanding their economic profits by political means and at the same time keeping the impoverished masses quiet. The moderate democratic parties failed to reach this aim. After the great success of the Nazi Party in the 1930 election, totally unexpected by all observers, the monopoly business leaders turned fascist. They had two objects: first, they tried to "domesticate" the anti-proprietarian mentality of the left-wing Nazis, because they feared that if the Nazis gained power there would be nationalisation of the most important industries; second, they hoped that the domesticated Nazi Party seizing power would not be squeamish about using the instruments of the state to solve the crisis in their manner. But even Marxists must admit that this big business support for Hitler did not create the success of the Nazi Party in the first place but *followed* that success, thus helping the Party to finally gain power.

VI Small Business

Small business support, from shop owners, company owners, craftsmen, peasants and so forth, added more to the original success of the Nazi Party. People owning minor pieces of property are estimated to have formed 15% of the population



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FOR LIFE, LIBERTY AND PROPERTY

in the 1920's and 30's, but more than 30% of the Nazi Party members and the Nazi Party voters before 1933. As we know from economic theory, the class of independent small businessmen suffers severely from the unfree market manipulated by the state; that is, by inflation, excessive taxation, regulations, and by unfair competition from state-created big business. Under normal conditions these people are either unpolitical, being absorbed by their daily problems, or vote for moderate conservative-liberal parties promising to leave them alone. In the crisis of the 1920's and the early 30's, the class of small property owners turned not to free market ideals but to fascism. They abandoned the link between property rights and the free market, as long ago big business had done. They turned to what the Marxist historian Gabriel Kolko calls "political capitalism" and what in my opinion should be called "socialism of property owners". The decisive economic difference between communism and fascism is that communism asks for socialisation of *all* property, whereas fascism insists superficially on defending property rights. What fascism calls for is, instead, a strong government which regulates the market in the alleged general interest. Regulations, in fascist theory, should follow the principle of protecting the present property owners from changes in the market which supposedly are the intended results of unfair competition from uncontrolled big business.

The average small businessman in the 20's reasoned thus: the economic concept of the free market and capitalism was identified with the status quo. From the libertarian point of view this identification is wrong; but because all parties interested in the status quo were calling themselves "liberals", defenders of the "market" and of "capitalism", one can understand that the unpolitical businessman not educated in economic theory was unable to see the difference between capitalism and the mixed economy. Thus he thought of the market as a failure. Of course he disliked the communist solution because he wanted to preserve his property. The alternative was fascism, which promised to abolish the market and to keep property rights.

VII Conservative Revolution

The fascist concept of "socialism of property owners" was derived from the more fundamental concept of a "conservative revolution" appealing not only to property owners but to a more general public. While communism speaks of changing society totally, which hurts the conservative feelings of the masses, fascism calls for changing the political structure only. Fascism intends to change the political structure while preserving the society as it is, or, critically said, as fascists see society; namely to preserve property, family, work for everybody, safety on the streets, and authority. The enemies of all these fine things are seen by fascists in market changes resulting from unrestricted big business activities, egoism — especially of such scapegoats as Jews and other minorities — non-conformists supposedly destroying the lifestyle of so-called "normal" people, and liberalism leading to a weak state which invites every kind of decadence, nihilism, criminality and laziness.

Fascism at the same time appeals to the conservative and revolutionary feelings of the people: the conservative feelings are satisfied by saying that the structure of society is not to be changed; the revolutionary feelings are satisfied by promising that everyone will be better off after a strong state is established which ensures that the general welfare is placed before egoism.

VIII The Libertarian View of the State

Libertarian theory defines the modern state as a bundle of means to intervene in the voluntary actions of individuals and freely formed communities. Politics is defined as the fight among different interest groups and pressure groups to employ these means as they wish. In the light of this theory fascism is the ultimate statist formula: fascism ends politics by promising most interest groups that their wishes will be fulfilled. Only very few interest groups are not invited to enter the fascist coalition, and these interest groups are defamed as being antisocial to serve as scapegoats. The conflict about who can use the power of the state and how the power of the state is to be used is, says the fascist theory, solved. Everyone can happily work to make the state stronger and stronger, because he, like all his fellows, will benefit from the strong state. Even the communist concept of class struggle, which allows for conflict and compromise, is less radical than the statist formula of fascist conservative revolution and fascist mass-coalition.

Of course, the reality of fascism does not fit this idyllic picture. Someone pays for the other's wellbeing; Peter pays Paul — Peter, to be sure, being a member of the ruling class and Paul being an oppressed and exploited worker or businessman. And therefore there is an ongoing conflict in fascist governments. In fascist Germany struggles went on, for instance, between the general Party and the anti-proprietarian left-wing storm troopers; the Party and the traditional administration; the security unit and the army.

IX Fascist Brutality

The brutality of fascist rule has a paradoxical root: on the one hand, the brutality reflects the promise that the state will serve every legitimate interest. Thus, whoever dares to work against the state must be seen as someone who endangers the wellbeing of his fellows, and no means to silence such antisocial behaviour ought to be ruled out. On the other hand, because the fascist promise is mere ideology to form the coalition, the ongoing clashes of interest groups must result in violent fights. The theory does not allow for peaceful procedures to solve conflicts. Every interest group engaged in a conflict must defame its opponents as inherently antisocial. Success of an interest group in the context of a fascist state inevitably leads to extinction of the opposing groups; and failing to have success means that one's own group will be extinct. The brutality of fascist rule flows out of a theory which denies the existence of interest groups and a practice which is structured by fights of interest groups unrestricted by the rules known in democracies. In the long run, such a violent form of government is unprofitable and uneasy to the ruling class itself. If they can keep power long enough, most totalitarian governments will, as can be observed in the communist Soviet Union as well as in the fascist Spain of General Franco, develop a kind of quasi-democratic process of allowing interest groups to fight more peacefully.

X Scapegoats

There is one more source of the brutality of fascist governments, namely a strong need for scapegoats. Because of the enormous promises employed to form the fascist mass coalition, promises are made which are impossible to keep, the state needs permanently to blame others for these failures. But to disrupt the good functioning of the supposedly almighty state, the scapegoats must seem to have larger-than-life powers, so that, in fighting these evil enemies, no brutality is forbidden. To be sure, both of the roots of brutality are also true for the existing communist states, which in many respects

are nearer to fascism than to communism as described by the communist intellectuals.

XI Catholicism and Organised Labour

Only two interest groups remained immune to Nazi propaganda: organised labour and the Catholics. To be clear, they remained immune before the fascist takeover. Afterwards they submitted themselves to fascist conformity. It is estimated that until the Second World War broke out, 80-90% of the German population were faithful adherents of Hitler's.

The libertarian should have expected the immunity of organised labour and Catholics against the call from the fascist coalition: these two groups were those interest groups in the Weimar Republic who felt that the status quo gave them all the power they could get. Organised workers realistically saw the unions privileged by law as the most efficient instrument fighting for their interests; the Nazi Party was not a better choice. But workers in little companies and in rural areas and unemployed, especially young unemployed workers, that is, workers who were not unionised or who suffered real losses from union actions, showed a strong tendency towards the fascist coalition.

The German Catholics were organised in the "Center Party". The Party, with about 15% of the votes, was very strong, especially because this Party, having a left-socialist and a right-conservative orientated wing, was the only force in parliament which could integrate the left- and the right-wing of the democratic spectrum in a workable coalition. Because of their powerful position in the so-called "Weimar Coalition", Catholics could not expect anything from the National Socialist Party, so much less so because the Nazis employed a kind of paganism to avoid being involved in the clash of the two main Christian religions.

XII The Causes of Cooperation

The reason why, after the Nazi take-over, all interest groups submitted to the new state can easily be explained in libertarian theory, too: not to submit would have wasted any possibility to influence political events. Thus it was more profitable to cooperate, at least in the short run. Even Jewish organisations tried it this way. That is, the mechanism of integration is the same in totalitarian and in democratic states. This mechanism is best described by the term "rent-seeking-society", and it consists of the insight that opposition in most cases is more costly than lobbying.

XIII The Statist Ethos

It is not possible to interpret all the phenomena of fascism with the two interrelated elements of "socialism of property owners" and "conservative revolution". Neither many of the property owners nor the conservatives nor any other interest group taking part in the fascist coalition realistically could have hoped for satisfaction. Any rational calculation must have led to the conclusion that Hitler's promises were worth nothing.

The only explanation for the fact that so many people, even otherwise rational people like businessmen, committed themselves to the fascist cause is a long established faith in the godlike abilities of the state. The modern German statist tradition has three roots:

(i) The formation of the German nation-state came extremely late. Early in the nineteenth century, German liberals abandoned many anti-statist features of the original liberal theory and invented the so-called nationalistic liberalism which stressed the unity of the nation more than individual freedom.

For instance, it is heart-breaking to read how the German philosopher Johann Gottfried Fichte developed from his early quite libertarian writings to a position of early national socialism based on worship of the nation. Thus, in Germany there was no successful liberal revolution or evolution. The era of Prussian liberal reforms did not last more than ten years at the beginning of the nineteenth century. The liberals compromised too early with the powers-that-be to win the coveted national unity. The degeneration of the French revolution and the subsequent conquest of Germany by Napoleon's troops destroyed liberal hopes and strengthened nationalistic feelings.

(ii) What was left from the liberal ideas were some features in the economic sphere. Liberalism was regarded as a strictly economic doctrine with no connections to other human activities. Therefore liberalism seemed to be non-emotional or even anti-emotional. All community activities or other activities involving emotions were thought of as necessarily authoritarian organised enterprises. The liberal idea of free associations, of communities based on consent, remained strange to most Germans.

(iii) Finally: armed with the most statist philosophy developed in Germany, Hegel's philosophy, Karl Marx, living in England, got to know the new utilitarianism. The utilitarian formulation of liberal theory abandoned the principled stance of the classical liberals, concentrating on the welfare of the society as a whole. In the connection of statist metaphysics and utilitarian quasi-socialist practical concepts, Marx opened new grounds for statism in the modern world. Fascism is not Marxist in the strict sense of the term, but is, as Ludwig von Mises and Friedrich Hayek showed, only possible within the framework of the combination of statism and utilitarianism which Marx developed.

In every country which developed fascist rule there can be identified some sort of statist tradition. Of course, these traditions differed in detail. On the other hand one can probably explain by the strong American liberal tradition why the New Deal did not result in a European-style fascism. The American New Deal was equally a socialism of property owners, not quite a conservative revolution but a conservative evolution. But the New Deal did not develop the idea that to accomplish its programme it would be necessary to abolish all civil rights.

XIV Antisemitism

One of the most horrible results of the anti-individualist traditions which failed to teach the Germans tolerance, was the antisemitism of the National Socialists. Every statist rule depends on creating scapegoats to be held responsible for the failures actually originating in the administration. Normally, however, the scapegoats are critics, intellectuals, non-conformists and foreign countries. To be sure, these scapegoats were used by the Nazis, too. But the Nazis directed their fiercest hatred against the Jews. This hatred was based on the belief that a person by mere virtue of birth can be part of a conspiracy. It is impossible to explain why so many Germans followed this absurd non-rational belief without taking the long tradition of collectivist intolerant thinking into account.

This anti-individualist thinking still works, for instance, when the Germans are thought of, or think of themselves, as guilty collectively of fascism, even if they were born after the war (like myself); or when, after the violence of British football fans in Brussels, the whole British 'nation' is held responsible.

XV The Contemporary Fascist Threat

Middle-of-the-road liberals and democrats like to describe National Socialism as an accident in modern history. They tell

us that now Western democracy is safe from fascism. On the other hand, Marxists used to say that the socio-economic conditions on which fascism is based still exist, thus endangering the world with new fascism. I wrong reasons. While Marxists blame capitalism for fascism, libertarians show that fascism is an extreme type of statism, of anti-capitalism.

The fascist threat in our times, in my opinion, has two dimensions:

(i) It seems possible that the ongoing crisis of the mixed western economies will lead to a situation in which New Dealish “good fascism”, as John T. Flynn termed it, turns into real totalitarian fascism. We know from economic theory that the mixed economy is inherently unstable. The experience of fascism teaches us not to put too much faith in the assumption that people in the crisis of statism realise the only true long-run solution, i.e. libertarian revolution. Sadly enough, it is more likely that they tend to more extreme statist short-run solutions — fascism or, sometimes, communism.

(ii) The second dimension of today’s fascist threat is Third World fascism. Educated by the colonial powers in statist economics, Third World leaders seem to think of only two possible social structures: communism or fascism. It makes things even more difficult that Third World fascism is sometimes linked to alleged “capitalist” ideas and that the leading alleged “capitalist” power, the USA, supports many proto-fascist governments in the Third World. This means that the real solution to the problems of poverty, hunger, and oppression cannot be seen by the average people of the third world.

XVI The Tactical Lessons of Fascism

Consequently, fascism is just as dangerous today as it was in the 1920’s and 30’s. What then are the lessons we should learn from the fascist experience? In my opinion there are four main lessons to learn:

(i) The first lesson libertarians should learn from the fascist experience is best stated in a paradox. On the one hand, our strategy must not be a *sectarian purism*. We probably will not succeed in building a totally free world. But we have to succeed in defending the next best thing, liberal democracy. We should not be afraid of forming coalitions with everyone willing to defend the liberal democratic order, conservatives, liberals, social democrats, or whoever. It is naive to think that we can profit from a breakdown of the economic or political order of liberal democracies and mixed economies. From such a breakdown only fascists and sometimes communists profit because people are not ready to accept the libertarian solution. Our only chance is within a relatively stable democratic order that enables us to educate people and propagate our views.

(ii) On the other hand, our strategy must not consist of cheap compromise. We have to be radical in order to demonstrate that libertarianism *is* different. We should help people realise that libertarianism is not a mere makeshift but that it can improve the whole structure of society. A main failure of the liberals in the beginning of the twentieth century was that they lost their utopian vision by making peace with the powers-that-be, with statists and with owners of unjustly acquired property. If, for instance, we do not draw a clear-cut line between libertarianism and Reaganism or Thatcherism, we must not be surprised should people turn their backs on us. It is obvious to me that if we make peace with the status quo, that is, if we engage ourselves in the stupid political battles between parties or candidates which make no difference, we will have no chance to change anything for the better.

(iii) A further lesson is that we must not, under any circumstances, separate the ideas of property rights, economic freedom and civil liberties. The separation of property rights from economic freedom leads to the fascist “socialism of property owners”. The separation of economic freedom from civil liberties leads to the impression that liberalism has nothing to do with the daily and emotional community life. Libertarians do not defend property rights as such, but as part of the whole spectrum of civil liberties. The alleged protection of property rights in a country where Jews, homosexuals, non-conformists and all critics of the government are harassed, imprisoned and murdered is worth nothing. Property rights not grounded in the fundamental principle of self-ownership, that is, of individual self-determination, cannot be regarded as real property rights.

(iv) I think it a clear lesson of the fascist experience is that we need a practical programme to help those people impoverished by state action. If there are millions of unemployed, it achieves nothing telling them that in the long run things will get better after deregulating the market. They are in need now and they follow any statist, communist or fascist leader promising a short-run programme.

By a workable libertarian aid programme I do not mean, of course, a government programme, although I think something like Milton Friedman’s negative income tax would be better than nothing. But in my opinion, the negative income tax could only be looked upon as a makeshift. We should search for a real libertarian solution without government involvement. I am thinking of a combination of Sam Konkin’s idea of counter-economy and Hubert Jongen’s idea of a Libertarian Foundation for Human Assistance.

(v) The last lesson, as I see it, probably poses the hardest challenge to libertarians. We must bring about a universal solidarity among human beings. To say that selfishness will lead to a situation in which everybody realises that freedom is the best organisation of society, securing the greatest chances of each and every one to reach self-determined aims, is very unrealistic. Every individual acting in a selfish manner tries to maximise profits under the existing conditions. There is no joy of imagined future freedom which can compete with the horrors of being imprisoned or tortured for not submitting to totalitarian rules. For instance: Why shouldn’t a teacher teach children that Jews, or Blacks, or Whites, or whoever, are inferior creatures, when ordered to do so by the government threatening to imprison or even kill him if he refuses? The strength to resist comes only from a passion for *truth*, for *justice*, for *humanity*, a passion which I call “universal solidarity”. A person without such a passion will always find the costs of opposition exceeding the benefits. I am not saying that selfishness is *not* a virtue, but the libertarian needs *two* virtues — selfishness *and* passion for justice. Because the two virtues are not harmonious, there is a problem within every libertarian.

To close this essay I want to quote a definition of justice given by the American libertarian feminist Wendy McElroy, a definition which expresses in four sentences everything libertarianism means to me:

“Libertarians insist that the freely chosen actions of individuals be respected. This concept of justice is ‘means-oriented.’ As long as a given social state results from the voluntary interactions of everyone involved, it is just. Justice, therefore, refers not to a specific end state such as equality, but to the process by which the end state is achieved. If no rights are violated, justice is achieved.”