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Why Fascism is the Wave of the Future

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That capitalism unobstructed by public regulations, cartels, monopolies, oligopolies, effective trade unions, cultural inhibitions or kinship obligations is the ultimate engine of economic growth is an old-hat truth now disputed only by a few cryogenically-preserved Gosplan enthusiasts and a fair number of poorly-paid Anglo-Saxon academics. That the capitalist engine achieves growth as well as it does because its relentless competition destroys old structures and methods, thus allowing more efficient structures and methods to rise in their place, is the most famous bit of Schumpeteriana, even better-known than the amorous escapades of the former University of Czernowitz professor. And, finally, that structural change can inflict more disruption on working lives, firms, entire industries and their localities than individuals can absorb, or the connective tissue of friendships, families, clans, elective groupings, neighbourhoods, villages, towns, cities or even nations can withstand, is another old-hat truth more easily recognised than *Gemeinschaft* and *Gesellschaft* can be spelled.

What is new-hat about the present situation is only a matter of degree, a mere acceleration in the pace of the structural changes that accompany economic growth, whatever its rate. But that, as it turns out, is quite enough to make all the difference in the world. Structural change, with all its personal upheavals and social disruptions, is now quite rapid even when there is zero growth, becoming that much faster when economies do grow. The engine turns, grinding lives and grinding down established human relationships, even when the car is stopped; and reaches Ferrari-like rpms at the most modest steamroller speeds.

One obvious cause of the increased destructiveness of the capitalist process is the worldwide retreat of public ownership, central planning, administrative direction and regulatory control, with all their rigidities inimical to innovation, structural change, economic growth, individual dislocation and social disruption alike. From Argentina to Zambia, with the entire Communist world in between, state ownership of economic enterprises was once accepted as the guarantor of the public interest: it is now seen as the guarantee of bureaucratic idleness, technical stagnation and outright thievery. Central planning, once honoured as the arithmetic highway to assured prosperity, is now known to be impossible simply because no group of mere humans can predetermine next year's demand for every one of hundreds of different polymers, not to mention two to three million other items, from tower cranes to toothpicks. Administrative direction, once gloriously successful in Japan, Korea and Taiwan, at least helpful in France, a famous failure in George Brown's Britain, and ineffective or corrupt, or ineffective and corrupt, almost everywhere else, is now being abandoned (slowly) even in Japan, having been abandoned long ago almost everywhere else.

As for regulatory controls, they do not cease to increase in number, because even if steam locomotives need no longer be prevented by speed limits from causing cows to abort, many rather more recent technical novelties entail regulation, and some positively demand it – for example, to allocate frequencies. Other reasons for regulation are legion, but commercial (e.g. airline) as opposed to health and safety and environmental regulation has definitely retreated, and continues to do so. With that, efficiency increases, once-secure enterprises face the perils of the market, and employees once equally secure no longer are so.

Another partly related and equally obvious cause of accelerated structural change is the much-celebrated unification of the puddles, ponds, lakes and seas of village, provincial, regional and national economies into a single global economic ocean, and thus the increasing exposure of those same puddles, ponds, lakes and seas to the tidal waves of change in the global economic ocean, owing to the removal of import barriers, capital-export prohibitions, investment controls and licensing restrictions on the sale of transnational services; the advent and rapid geographic spread of reliable, cheap and instant telecommunications that ease the formation of new commercial relationships both materially and psychologically; the diminishing significance of transport costs due to the waning material content of commerce, as well as to the cheapening of transport with the improvement of air services, harbours and roads – notably rural roads in Asia and Latin America if not Africa; the diffusion of up-to-date technologies for the production of export goods or components, even within otherwise backward local economies; and the hammering-down of once diverse consumer preferences into uniformity by transnational mass-media imagery and advertising.

The overall effect of 'globalisation' is that any production anywhere, can expand enormously, far beyond the limits of the domestic market, insofar as it is competitive – and of course that any production anywhere, and the related employment, can be displaced at any time by cheaper production from someplace else in the world. Life in the global economy is full of exciting surprises – and catastrophic downfalls.

Still another cause of disproportionately rapid structural change is the rather sudden arrival of the long-awaited, very long-delayed, big increases in administrative and clerical efficiency that machines for electronic computation, data storage, reproduction and internal communication were supposed to ensure long ago. Partly because with generational change even senior managers can now themselves work those machines if they want to, thereby allowing them to understand their uses, abuses and non-uses; partly because more junior managers are increasingly compelled to use those machines in place of clerical help and clerical companionship; and partly because computer networks allow managers at the next level up literally to oversee, right on their own screens, the work that their underlings are doing or not doing, thereby giving it the same transparency as assembly-line work, with the same immediate visibility of inefficient procedures, inefficient habits and inefficient employees – for all these reasons the long-awaited, long-delayed increase in the efficiency of office-work has finally arrived, exposing hitherto more secure white-collar workers to the work-place dislocations, mass firings or at least diminishing employment prospects that have long been the lot of blue-collar industrial workers in mature economies.

At the present time, for example, even though the US economy is in full recovery, white-collar job reductions by the thousand are being announced by one famous corporation after another. They call it 'restructuring' or, more fancifully, 're-engineering the corporation', and duly decorate the proceedings with the most recently fashionable management-consultant verbiage, those catchy, suggestive yet profoundly shallow slogans coined by the authors of the latest business-book bestsellers, who proclaim them expensively and with evangelical insistence on the corporate lecture circuit, with the result that they are then repeated with great solemnity to audiences of deferential, bewildered employees in corporate briefings, 'workshops' and 'retreats'. But the real economies that Wall Street anticipates by bidding up the shares – thereby hugely rewarding massfiring top executives who have stock options – come not from the background music of the management-consultant verbiage but rather from the displacement of telephone-answering secretaries by voice-mail systems, the displacement of letter-writing secretaries by computer word-processing and faxboards, the displacement of filing secretaries by electronic memories, and the consequent displacement of clerical supervisors; as well as from the displacement of junior administrators by automated paperflow processing and the consequent displacement of their administrative supervisors; as well as from the displacement of all the middle managers who are no longer needed to supervise the doings and undoings of both clerical and administrative employees. That is why corporations whose sales are increasing are nevertheless not adding white-collar positions; corporations whose sales are level are eliminating some white-collar positions; and corporations in decline are eliminating very many – tens of thousands in the case of the sick giants IBM and GM.

Economists have long deplored the disappointing productivity gains of the administrative superstructure in advanced economies, in spite of the proliferation of office electronics. This was numerically irritating to the fraternity, because the goods-producing sector, whose productivity did keep increasing very nicely, has long been of diminishing significance, so that the productivity lag of administrative activities was lowering the numbers for the economy as a whole. Those particular economists need fret no longer: office-work productivity is finally increasing at a fast pace, allowing employers to rid themselves of employees just as fast.

There may be additional explanations for the acceleration of structural economic change. What counts, however, is the result: Schumpeter's 'creative destruction' – the displacement of old skills, trades and entire industries with their dependent localities, by more efficient new skills, trades and entire industries – is now apt to span years, often very few years, rather than generations. And that is quite enough to make the colossal difference aforementioned. The same rate of structural change that favours global prosperity, that benefits many nations and regions, and that many other nations and regions can at least cope with, now brutally exceeds the adaptive limits of individuals, families and communities. When the sons and daughters of US steelworkers, British miners or German welders must become software-writers, teachers, lawyers or for that matter shop attendants, because the respective paternal industries offer less and less employment, few of them have reason to complain. But when the same mechanisms of change work so fast that steelworkers, coalminers or welders must themselves abandon lifetime proclivities, self-images and workplace companions to acquire demanding new skills – on penalty of chronic unemployment or unskilled low-wage labour – failure and frustration are the likely results. To be sure, nothing could be more old-hat than to worry about the travails of steelworkers, miners or welders, obsolete leftovers of the hopelessly passé white/male industrial working class. So the big news is the dislocation of white-collar employment as well.

I have no statistics that measure the decline in *security* of employment. But statistics do show very clearly the impact of a weakening demand for white-collar labour in the decline of white-collar earnings. Back in the early Eighties, when trade-union officials and incurable proletariophiliacs were bitterly complaining that American workers were being extruded from well-paid industrial employment into minimum-wage 'hamburger-flipping' jobs, the lusty defenders of the infallibility of free-market economics silenced them in *Wall Street Journal* editorials by pointing to the rapid increase in 'money-flipping' jobs in banking, insurance and financial services, as well as in then-booming real-estate offices. That is where the debate ended – prematurely. By the end of 1992 more than 6.8 million Americans were duly employed in the financial sector (banking, insurance, finance and real-estate offices). One might assume, as the *Wall Street Journal* certainly presumed, that these people were a well-paid lot: but the average earnings of the 4.9 million non-supervisory employees among them were only $10.14 per hour, as compared to $10.98 for production workers in manufacturing. The 1.1 million clerks, tellers and other rank-and-file employees of banks earned much less than the sector's average at $8.19 per hour, while 48,500 of their counterparts in stock and commodity brokerages – at the very heart of 'money-flipping' – duly earned much more at $13.53 per hour. Still, if any disemployed industrial workers did equip themselves with the obligatory broad red suspenders to seek their fortunes on Wall Street, they would have found the rewards surprisingly modest.

At a time when it was forever being explained that it was silly to worry about the decline of manufacturing jobs in the age of 'services', the much larger story is that service employees throughout the US economy are actually paid much less than their counterparts still holding industrial jobs. Moreover the average hourly earnings of service employees have been going down for years in real dollars net of inflation. In the entire retail trade, for example, from department stores to street-corner news-stands, the 17.7 million 'non-supervisory' employees earned an average of $6.88 per hour in November 1990. In fact, their hourly average went down from a peak of $6.20 in 1978 to $5.04 in 1990 in constant 1982 dollars. To be sure, the retail trade is full of teenagers still in school who work only on weekends and holidays, and married women who work only part-time. That can be expected to depress earnings, and it does. Besides, many retail employees get commissions that are not reported to the collectors of labour statistics. But neither part-timers with modest demands nor commissions are to be found in transportation and public utilities (including railroads, local bus services, mass transit, trucking, courier services, river barges, airlines, telephone companies etc). Nevertheless, the 4.9 million non-supervisory employees in that entire sector had average hourly earnings of $13.07 in November 1990 – substantially more, $2.09 more as it happens, than their counterparts in manufacturing, but still substantially less than those same employees had earned in the Seventies in real money. In fact their earnings peaked in 1978 at $11.18 per hour in constant 1982 dollars – as opposed to $9.58 at the end of 1990 in those same dollars.

In the varied mass of service employees as a whole, there are predictable highs, e.g. the 135,400 non-supervisors in film-making who earned $18.87 per hour, and the rank-and file employees of computer and data-processing services at $15.29 per hour, who numbered only 87,700 in 1972, but reached the impressive total of 637,700 by the end of 1990. The lows are just as predictable. The 1.3 million in hotel/motel non-supervisory jobs were paid only $7.14 per hour on average – though quite a few also receive tips, no doubt. But nobody tips the 436,900 line employees of detective, armoured-car and security agencies who earned only $6.35 per hour on average. From advertising to zoo-keeping many service jobs paid better than that, of course, but the average earnings of *all* non-farm, non-government employees were less, at $10.17 per hour, than those of manufacturing workers at $10.98 – so the brave new service economy obviously pays less than old-fashioned industry. Even that is only half the story, because the higher volatility of services makes those jobs less and less secure. In other words, the relative impoverishment of those working lives is accompanied by even more dislocation.

Even bigger news is the dislocation of managerial lives. That is the latest trend in the always progressive United States – and it is most definitely a structural trend, rather than merely cyclical. Now that the dull-safe 'satisficing' corporation (moderate dividends, moderate salaries, steady, slow growth) is almost extinct, top managers as a class earn very much more than before, rank-and-file managers who can keep their jobs earn rather less, and it is very difficult for those managers who are forced out to find any comparable jobs elsewhere. Few are destined to grace the pages of business journals as entrepreneurial wonders, not born but made by unemployment. Some adjust undramatically if painfully, by accepting whatever middle-class jobs they can get, normally with reduced pay. Others are much worse off. The 50-55 year old male, white, college-educated former exemplar of the American Dream, still perhaps living in his lavishly-equipped suburban house, with two or three cars in the driveway, one or two children in $20,000 per annum higher education (tuition, board and lodging – all extras are extra) and an ex-job 're-engineered' out of existence, who now exists on savings, second and third mortgages and scant earnings as a self-described 'consultant', has become a familiar figure in the contemporary United States. They still send out résumés by the dozen. They still 'network' (i.e. beg for jobs from whomever they know). They still put on their business suits to commute to 'business' lunches with the genuine article or to visit employment agencies, but at a time when more than 10 per cent of the Harvard graduates of the class of 1958 are unemployed, lesser souls in the same position have little to hope for.

Just in case the sentimental anecdotage is unpersuasive, or seems absurdly disproportionate as compared to the plight of, say, indebted Indian peasants, there are now statistics that quantify the downward slide of the entire population from which the class of middle managers is drawn. The median earnings of *all* males in the 45-54 age bracket with four years of higher education – some two million Americans, all but 150,000 of them white – actually peaked in 1972 at some $55,000 in 1992 dollars; they stagnated through three downward economic cycles until 1989, before sharply declining to $41,898 by 1992. From other evidence we know that those numbers average out two phenomena that are equally unprecedented in the American experience: in that same population, the combined total income of the top 1 per cent of all earners increased sensationally, and the combined total of the bottom 80 per cent declined sharply. Again, that implies in one way or another a more-than-proportionate quantum of dislocation. Needless to say, individual working lives cannot be dislocated without damaging families, elective affiliations and communities – the entire moss of human relations which can only grow over the stones of economic stability. Finally, it is entirely certain that what has already happened in the United States is happening or will happen in every other advanced economy, because all of them are exposed to the same forces.

In this situation, what does the moderate Right – mainstream US Republicans, British Tories and all their counterparts elsewhere – have to offer? Only more free trade and globalisation, more deregulation and structural change, thus more dislocation of lives and social relations. It is only mildly amusing that nowadays the standard Republican/Tory after-dinner speech is a two-part affair, in which part one celebrates the virtues of unimpeded competition and dynamic structural change, while part two mourns the decline of the family and community 'values' that were eroded precisely by the forces commended in part one. Thus at the present time the core of Republican/Tory beliefs is a perfect non-sequitur. And what does the moderate Left have to offer? Only more redistribution, more public assistance, and particularist concern for particular groups that can claim victim status, from the sublime peak of elderly, handicapped, black lesbians down to the merely poor.

Thus neither the moderate Right nor the moderate Left even recognises, let alone offers any solution for, the central problem of our days: the completely unprecedented personal economic insecurity of working people, from industrial workers and white-collar clerks to medium-high managers. None of them are poor and they therefore cannot benefit from the more generous welfare payments that the moderate Left is inclined to offer. Nor are they particularly envious of the rich, and they therefore tend to be uninterested in redistribution. Few of them are actually unemployed, and they are therefore unmoved by Republican/Tory promises of more growth and more jobs through the magic of the unfettered market: what they want is security in the jobs they already have – i.e. precisely what unfettered markets threaten.

A vast political space is thus left vacant by the Republican/Tory non-sequitur, on the one hand, and moderate Left particularism and assistentialism, on the other. That was the space briefly occupied in the USA by the 1992 election-year caprices of Ross Perot, and which Zhirinovsky's bizarre excesses are now occupying in the peculiar conditions of Russia, where personal economic insecurity is the only problem that counts for most people (former professors of Marxism-Leninism residing in Latvia who have simultaneously lost their jobs, professions and nationalities may be rare, but *most* Russians still working now face at least the imminent loss of their jobs). And that is the space that remains wide open for a product-improved Fascist party, dedicated to the enhancement of the personal economic security of the broad masses of (mainly) white-collar working people. Such a party could even be as free of racism as Mussolini's original was until the alliance with Hitler, because its real stock in trade would be corporativist restraints on corporate Darwinism, and delaying if not blocking barriers against globalisation. It is not necessary to know how to spell *Gemeinschaft* and *Gesellschaft* to recognise the Fascist predisposition engendered by today's turbocharged capitalism.

Letters

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In his article in the *LRB* of 7 April, 'Why Fascism is the Wave of the Future', Edward Luttwak concludes that with the 'completely unprecedented personal economic insecurity of working people, from industrial workers and white-collar clerks to medium high managers', a vast new political space has been left open for a 'product-improved Fascist party, dedicated to the enhancement of the personal economic security of the broad masses'.

There is, however, an alternative conclusion more consistent with the geo-economic pattern of facts Luttwak exposes. Economic security is no longer a benefit that international corporations are willing to concede to workers because the new transnational mobility of technologies and investment has eliminated the need to negotiate job protection or to depend on site-specific workforces. International capital now aspires to the conditions of an ideal global market for the purchase of labour – unlimited access to the world's population as a vast pool of temporary employees to hire and dismiss at will.

If we keep in mind that Fascism must rely on the co-operation or support of big business to achieve state power, we have to ask why the rootless, globe-roaming international capital of today would ever support any party which promised 'full secure employment' to workers. Any such programme would undo capital's new global leverage over workers' livelihoods, wage-levels and employment conditions – all of which are already being rapidly and successfully brought by relentless international competition for jobs to an ever lower common denominator. International capital can already discipline a country's workforce overnight by moving around the world at the speed of an electronic signal to another society where its cutback wages and insecure jobs will be welcomed. And it can do it cost-free, selling the products it makes back to the very communities it has disemployed under the protection of international trade regimes which rule out any control over its actions by elected governments. Why would corporate capital ever permit the 'full secure employment' policies of the old Fascism in exchange for gaining popular support? This would undermine its greater new power, which is to be free of the needs or demands of any working class anywhere.

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