

ABSTRACT

Title of dissertation: THE INTERNATIONAL POLITICAL
ECONOMY OF FASCISM

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This dissertation focuses on the intersection between security, governance, and the international economic system in the interwar period – constructing an analytic narrative to explain why so many states adopted the policy prescriptions of the radical right, which states did so, and what form these prescriptions took. While many new authoritarian states were established in the 1920s – and Fascist Italy was not the only one where radical right activists played a major role in regime consolidation – the ends pursued by these states were largely traditional. In the wake of the Great Depression, however, the difficulties in simultaneously attaining full employment, freedom of labor, and profitability forced capitalist states to adopt active macroeconomic policies – and, in turn, either move left, assigning labor a significant role in governance, or right, repressing organized labor. The fascist and para-fascist regimes which would be established in the 1930s would represent a renegotiation – whether brokered from within democratic or extra-democratic politics – between these conservative elites and fascist activists. Although the balance between the two

would differ from place to place – from especially strong movement activists in Germany to especially strong traditional elites in Japan or Balkan royal dictatorships – all of these new compacts represented a willingness of the conservative elites to turn their back on economic and geopolitical liberalism forever. Which path elites chose to take, I argue, depended upon their positionality in the world economy. High-mobility fractions of capital were concentrated in the leading states, could discipline governments through exit, and benefited from a worldwide open market economy. Low-mobility fractions of capital, by contrast, especially those attached to semiperipheral states, needed to discipline governments through monopolies on voice. Further, relatively richer economies at the core of the world-system were in a better position to compromise with labor. This process resulted in a polarization within countries and in turn a polarization among countries – in favor of a relatively more liberal and international capitalism as against a relatively more nationalist and state-monopoly variant of capitalism.

THE INTERNATIONAL POLITICAL
ECONOMY OF FASCISM

by

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Chapter 1: Introduction

1.1 Fascism – When, Where, and Why

In this work, I hope to address certain historiographical controversies regarding the nature and origins of fascism as both a political ideology and as a project of rule. In doing so, I hope to touch on some broader questions of international organization and political economy – in particular, the question of when an international capitalist economy governed by territorial nation-states will operate along liberal lines or along quite different ones.

Specifically, I want to both provide some midrange explanation for something that has been a central concern for historians of the era – why did some countries turn so dramatically to the right in the interwar period? – as well as to provide a coherent conceptual explanation for *why* this rightward form took the way it did. Why did these innovations in rightist governance look the particular way they did?

These are the two fundamental questions in the historiography of fascism – its conditions of origination and, more broadly, its nature. In doing so, then, I will be wading into debates that have placed themselves on quite a different plane than that of international political economy.

1.1.1 the comparative story: a midrange explanation

In terms of Millian agreement and difference, we “know” the long-term explanation for which countries went authoritarian in the interwar period: it’s those with unfree labor regimes in the latter nineteenth century. The sole exceptions which Stephens and Kümmel (2002) find to this, Czechoslovakia and Greece, are illuminating: in Czechoslovakia, unfree rural labor persisted as a feudal survival in the Slovakian regions first, whose nationalist elite turned decisively against democracy and internationalism in the 1930s. (The case of Czechoslovakia will be examined in more detail later.) And while Greece pursued the standard Balkan pattern of extensive land reform after independence from the Ottoman Empire early, its commercial sector was almost entirely latifundist before that. (Koliopoulos and Veremis 2010, p. 57)

We also know the short-term reason for the success of right-authoritarianism, which is that conservatives signed onto it, through some combination of imitating fascists and giving them the “keys to the castle.”¹ What any adequate theory has to do, then, is explain how we got from one to the other. Of course, the Boolean evidence for the first does not establish causality, but it does very strongly suggest that if one did not cause the other, they have fundamental causes in common.

¹“Fascist movements, at any rate, were always dependent on allies in the final drive for power. Most of them failed to find effective allies, and the majority of those who did were in varying ways overwhelmed by their allies, whether these allies were the more conservative right or, during the war, the maximal fascist regime of Germany.”(Payne 2003 (1995), p. 468)

The story I am about to tell is one that involves position in the world-system as a mediating variable between the longer-turn historical determinants and the decisions of political actors. It further places between these the mediating variables regarding theories of state attachment and capital mobility. But seeing why these variables should be important requires looking at what they hope to accomplish in the first place. Thus, I supplement the answer to this question with an account of the nature of (para)fascism – why it took the forms and policy prescriptions that it did.

1.1.2 the explanatory story: convergence towards the policy solutions of fascism

The comparative puzzle of which countries went fascist is only half of the equation. I hope to better illustrate, by means of theoretical and empirical demonstration, how fascism provided solutions to the twin crises of capitalism and the interstate system, and how these related not only to each other but to my claims about the intermediate variables expressed above. At the core of my explanatory account is a model of fascism as an attempt to create a *closed imperial capitalism* where, through various means, single overarching states would oversee separate spheres, and in each of which the property principle of capitalism would be protected from the market principle of capitalism. This was possibly not feasible, but for many historical actors, it was a plausible alternative to a moribund (and anyway never beloved) liberalism and a terrifying communism.

In this, I am drawing again upon world-systems traditions, this time upon the conception of a “world-empire” as distinct from a “world-economy.”² In world-economies, a plural universe of states bound together by market economic relationships ensures that markets discipline states. Although world-economies frequently have – indeed, empirically always have – hegemonic states, which provide public goods due to their vested interest in a well-functioning market economy which extends beyond their borders, its state managers’ ability to manage and collect a surplus from that economy is inherently limited, both through direct economic discipline or through the political arrangements that the states come to – either an implicit balance-of-power system or the imposition of legal principles to their dealings with one another. The transition between British and American leadership was indeed such a transition between political forms governing interstate relations in a decentralized but hegemonically overseen world-economy.

World-empires, by contrast, involve such a concentration of power in a single state that these states discipline markets, rather than visa-versa. Much of the policy thrust and convergence among ideologies and practices broadly described as both “fascist” and “parafascist” – the particular boundaries between the contested terms not being my main object of consideration – amount to the attempt to carry out either those policies that would aid in the dismemberment of the world-economy into several world-empires, or those policies or ends which would be especially possible

²Neither requires an economy literally global in scope, “world” here only implies autarky of non-luxury goods within the sphere in question. The Inca were a world-empire, and Euro-centered capitalism was a world-economy before it was literally global.

once this was accomplished. And it was these features which most appealed to those classes drawn to radical right solutions, as defined by their state attachment and capital mobility.

If I am right about this, conceptualizing fascism as a “world-imperial bid” will not explain everything about the political phenomenon. It will, however, usefully clarify a number of historical puzzles – why it had the support base it did, appeared where it did, and involved the policy solutions it did. It will also, importantly, help us to understand the reasons for the eruption of total war at the end of the 1930s in ways that pertain to the relationship to, but do not simply emanate from, realist geopolitical concerns and ideology.

1.2 Plan of the Work

1.2.1 ”The Fascist Epoch in Theory and Context”

In this chapter, I lay out and attempt to justify some of my theoretical starting points. Existing attempts to explain fascism have thus far generally been attempts to explain particular national histories, or common general patterns thereof; or explanations of the phenomenon as a response to a general crisis. Both are needed, however, to explain both geographic and temporal variation.

Following this, I build upon an eclectic set of influences to construct a theoretical apparatus that will allow me to contextualize political behavior in the period in question. Capitalist social formations, like most others, are governed by the rule of particular kinds of elites. Moreover, elites are not homogeneous but consist of

different groups with different kinds of control over different kinds of resources and institutions. Although they must, outside of war, cooperate to some degree, their differences in interest also lead to persistent differences in outlook and ideology, which any actual system of rule must exist as a compromise between.

1.2.2 "The Prelude, 1860-1929"

This chapter first looks at the prehistory of the interwar period, from 1860-1914. During this period, international economy and society would take a recognizable and historically specific shape, with the national state becoming the normative baseline for political organization and a global free trade regime mediating relations between very different sections of a worldwide economy – a zone with a comparative advantage in finished goods production where the normative nation-state model prevailed, a zone of the old dynastic empires economically but not politically subordinated to the first, and a zone of basic resource production politically subordinated to the first. After the first world war, the principle of nation-state sovereignty would be applied to the second zone without any fundamental shift in its economic position. This period also marked the steady enlargement of firm sizes, especially in industrial sectors, in the role of the state in managing the economy, and in the political consciousness of nontraditional groups, especially urban workers. Insofar as I am not merely examining capitalist social formations *in abstractu* but the one that appeared in the interwar period, many of the features that become most salient have their roots in this period, and it is worth analyzing some of these prodromal

tendencies as they arise.

In this chapter, I also wish to show that while the 1920s – which were marked by recovery from the war, deep ethnopolitical uncertainty in the wake of imperial collapse, and the spectre of communism – involved the establishment of many authoritarian states, this situation did not result in any deeply *new* kinds of authoritarian politics. Since “deeply” is certainly not rigorously defined, I principally mean here that this situation did not lead to escalating militarist nationalism (even if it often involved the rule of military officers,) to racist ultra-populism (as a ruling philosophy,) or to right-wing states with a active utopian agenda of social transformation (although Mussolini’s Italy would occasionally gesture in the direction of such goals without really working towards them, or even clarifying what it would mean to do so.) All of these things would, in fact, have to wait until the Great Depression, with its various economic, political, and military direct and indirect effects.

The non-radicalism of 1920s authoritarianism is significant insofar as it challenges a number of theories of fascism that place it principally as an effect of trends that existed prior to the Great Depression. Here I in no way wish to deny the *necessity* of these causes – most importantly, the destruction of old dynastic regimes and the advent of communism. But they were only *sufficient* conjointly with the Great Depression and its aftereffects. The sequencing of events allows us to enjoy something of a natural experiment – first, the broader trends examined in the historical section of the first chapter, then, the effects of the political dissolution of the principal dynastic empires of Eurasia and the rise of communist ideology, then the

Great Depression.

While this period did not feature radical fascist activists coming to power, it *did* feature their emergence on the political scene. Thus, it is worth engaging with what they believed and what they wished to achieve when they had reached a degree of maturity, but before they had come into state power. The fascist and “para-fascist” regimes which would be established in the 1930s would represent a union of these radical activists with existing elites; getting a view of what “pure” fascists wanted gives us a sense of the nature of these compromises. But not only: it also gives us a sense of whom fascist activists were appealing to, and the nature of the problems they proposed to solve. In doing this I do not mean to reify fascist ideology overmuch – different fascists (or ideologues referred to as fascists) wanted and believed different things. But I do hope to articulate some common patterns, and how these might relate to each other.

1.2.3 ”Regime Formation and Productive Relations, 1929-1939”

This chapter examines the effects of the Great Depression on domestic political economy.

In looking at Czechoslovakia, I hope to show again many of the features of the previous chapter – that the presence of fascist and communist ideas, the legacy of the violent destruction of the old dynastic states, centrifugal ethnic conflict, and a lack of history with democracy were not sufficient for elites’ abandonment of democracy – what was needed was a political-economic environment in which it

was in their interests to do so.

In looking at Austria, I hope to illustrate what was in many ways a control case for the Czechoslovakian one. Like Czechoslovakia, Austria was also an economically developed successor state of the Habsburg empire which endured threats from German expansionism; with a center-left democratic government and export-oriented economy throughout the 1920s. However, whereas the Czech bourgeoisie achieved political hegemony within its new state, the rump Austrian state remained largely in the hands of the traditional landed classes, including elements of the Catholic Church. Although I do not examine Hungary in detail in this section, much of the same could be said about Hungary – similar in many ways to Czechoslovakia but with greater domination by the traditional landed classes, and the arrival of active fascist movements among the middle classes and important sectors of the political elite. (An important difference, of course, being that Hungary was among the states that abandoned democratic rule. Nevertheless, Hungary featured open, if not always fair, political contestation between fascists and traditional conservatives, with a well-attested hybridization being the result; processes that are also relevant for the discussion of Italy below.)

In looking at Italy, I principally hope to show – again as seen in the examination in the previous chapter – that the “totalitarian turn” was a reaction to an international economic moment, rather than something which simply flowed out of the ideas of Fascism (whatever one asserts that these were.) Although Fascist and Catholic ideologues had long argued for some kind of “corporatist” reorganization of the economy, attempts to do this in Italy were stymied, as we saw in the last

chapter, by lack of political opportunities or incentives to do so (despite the legal and ideological fiction of Mussolini's absolute dictatorship.) The changed economic environment made the traditional ruling classes both more willing to consider alternate options and less capable of resisting Fascist activists' attempts to force them through. Although Fascist Italy never radicalized to the degree that Nazi Germany did, what radicalization it did experience was principally over the course of the 1930s.

In looking at Great Britain and the United States, I hope to show that corporatist outcomes were in turn fully considered and rationally rejected by elite groups in favor of a compromise with organized labor, because this was more in their interests, rather than simply not ever considered because liberalism was too "in the bones" of everyone involved. In both of these countries, in fact, corporatist proposals were embraced by a significant portion of the bourgeoisie (and in Britain, by the landed aristocracy, which had significant overlap with financial capital in particular), but ultimately rejected by others in favor of an alliance with friendly elements of labor.

In looking at Germany I principally hope to show some of the inevitable difficulties involved in the illiberal capitalist solution, which in part inform capitalist elites' reluctance in normal times to go down that path. And of course in all of these examples I am interested in providing some comparison between these cases, and so will be touching on common themes in all of them.

1.2.4 "The Widening Gyre, 1933-1939"

This chapter examines the feedback cycles initiated by the processes examined in the previous chapter. Specifically, falls in output, falls in trade, authoritarianism, preparation for war, and increasing ethnopolitical commitment all feed into each other. I discuss the theoretical reasons for expecting this to be so, discuss also the literature on the most prominent of these associations, and attempt to process-trace the interaction of these across the course of the 1930s. My account might be called a "generalized security dilemma" insofar as it builds upon the claims of defensive realists that self-reinforcing security spirals can emerge from relatively innocuous beginnings.

However, I differ from the defensive realist account in (1) breaking down state actors into many different actors, not all of whom have a "defensive realist" posture, (2) specifying many dimensions that feed into each other other than defensive preparations, and (3) acknowledging that there may be self-correcting as well as self-reinforcing elements, such that longer-term factors (such as a perceived crisis of liberal capitalism) may produce a new genuine equilibrium outcome, rather than the result being (necessarily) path-dependent at this level of abstraction.

The differing collective interests – a situation in which one class' global public good was another's global public bad, so to speak – led to a situation in which multiple equilibria were possible, organizing geopolitical actors into revisionist and status quo powers on the basis of their preferred system of international organization. (Even if, as with the Soviet Union, this was a distinctly secondary preference.)

This section, therefore, also summarizes the principal events of the diplomatic history of this period insofar as they are relevant to my theoretical claims. Common interests in revisionism – both territorial and in terms of the principles of international organization – led fascist states to cooperate. This did not reflect an ideological inevitability, or personal preference of the statesmen involved, or the demands of traditional great power diplomacy – as attested by the many abortive alliances that emerged from their basic uneasiness with each other, especially between Germany and Italy. Instead, objective logic forced them to cooperate on an shared revisionist basis. This shared interest in revisionism was in turn a function of the by-then dominant credible commitment fascist and para-fascist states had made to a more autarkic world in which low-mobility propertied elites were freed from the internationalist constraints imposed by high-mobility elites' liberalism.

Further, I examine the construction of fascist empire. Although fascist ideologues had generally argued for autarky at the national level, this was neither efficient nor in the interests of the strongest fascist states. As a result, the turn against the world market became a turn towards *Großräume*. Although this was not in line for the hopes of some fascists for national autarky, it did fit the visions of many others, especially those in great power states, who had emphasized the need for imperial expansion and colonial acquisition to integrate an entire feasible division of labor within a single state. ("World-empire," in the terms offered by Wallerstein.) In analogy with some of the processes working themselves out in domestic economy, the dynamics of class stratification in an international division of labor overseen by a single state differ in some important ways from those governed

by market relations among states and other actors; ascribed characteristics rather than market discipline come to play a regulatory role. In this sense, racist doctrines come to regulate the global economy explicitly rather than merely implicitly. Thus, I give an analytic examination of the dynamics of international difference, both between fascist movements in great power countries and in subordinate ones, and in the organizing principles of racial stratification in fascist world-empire. These speak to two of the most striking features of the Second World War: the enthusiastic cooperation of many supposed “ultra-nationalists” with the conquest of their own countries, and the industrial-scale genocides carried out, especially in Eastern Europe.

Finally, I ask whether the record of the war shows the opposite of what fascists (and many others) expected: that fascism would be a credit to a nation’s fighting capacity. I discuss how it may have impacted the course of the war and the relative degree of mobilization achieved, the implications for the rationality of political elites between the wars, as well as the considerations held by political elites after the wars.

1.2.5 ”Conclusion and themes”

Finally, in this chapter I summarize some of my conclusions and tease out a few themes that I think were implicit in the work, but had no one place where they could otherwise be explicated.

Chapter 2: The Fascist epoch in context and theory

Fascism has an enigmatic countenance because in it appears the most counterposed contents. It asserts authoritarianism and organizes rebellion. It fights against contemporary democracy and, on the other hand, does not believe in the restoration of any past rule. It seems to pose itself as the forge of a strong State, and uses means most conducive to its dissolution, as if it were a destructive faction or a secret society. Whichever way we approach fascism we find that it is simultaneously one thing and the contrary, it is A and not-A. . . José Ortega y Gasset, *Sobre el Fascismo*

In this chapter, I will begin with a brief sketch of where and when fascist and parafascist governance appeared. I will then make it clear that, although there is a great deal of fruitful and interesting work on the subject from a number of theoretical traditions, none of them can *jointly* explain both the “where” and the “when” in a theoretically satisfactory manner: frameworks that adequately explain temporal variation do poorly at geographic variation, and visa-versa. Having covered these approaches, and why I consider them inadequate, I proceed to raid them for the concepts I consider essential. I built upon these to construct a theoretical framework that I believe can conjointly explain both geographic and temporal variation, and which may (I hope) have applicability beyond this particular case to say something

interesting about world political economy, nationalism, and the relationship between ideology and interests more generally.

Drawing these elements together, I propose a model in which existing elites of adopt an orientation to the international system based on the resources of which they held a claim, the position of their national economy in the world economy as a whole, and the military capabilities of their state. Elite groups better-positioned within the existing system, led by Britain and increasingly America, remained within the liberal camp, and were willing and able to ward off threats from their left through welfare state expansion. National elites who saw revisionist opportunities saw a program for doing so offered by rightist activist-intellectuals, and adopted elements of their program or welcomed them into governance. Once allowed into the state apparatus, however, these activists increasingly tended to bend it towards non-rational ends, at least from a materialist or realist standpoint. In developing this formal model, the expectation and goal is not to explain, much less explain away, all features of the innovative forms of rightist rule that arose during this period. Rather, it is to illustrate and provide a testable form of the more moderate proposition that their origins were, at least in large part, geopolitical in this sense.

2.1 Explaining temporal and geographic variation

Where and when was fascism?

This actually has several distinct answers, depending on what kind of question we are posing. We can ask about where we found a substantial number of “generic

fascist” activists, and where we found right-wing, corporatist governance. Although the fascist activists actively sought to establish these corporatist regimes, they were not always numerous where such regimes prevailed (for instance, many parts of the Balkans), and not always successful where they were numerous (for instance, France.) This work is primarily concerned with the question of regime, although we will have to engage with questions of the activist base and their ideology along the way.

If much ink has been spilled over what constitutes the exact break between fascism and more traditional kinds of rightist authoritarianism, then the break between liberal democracy and the various rightist alternatives to it are easier to discern. Scholars quarrel over whether Franco and his regime can be characterized as fascist, but there is no quarrel over whether he was a democrat. If we literally map Europe, classifying resulting regimes as either ending up democratic or not, and arriving doing so securely or not, we get something like the following:



Map 2.1. The two interwar Europes.

(from Mann (2004, p. 38), wherein cross-shaded regions represent his judgment of case that could have turned out other than they did historically)

This dichotomy represents what Mann (*ibid.*) describes as the second of five places where fascists (per his definition) can be found. In decreasing order of generality, these are:

1. Interwar Europe
2. One-half of Europe – the southern and eastern half
3. Five countries in which fascism proper was successful– Italy, Germany, Austria,

Romania, and Hungary

4. Specific social demographics – young men, those economically attached to the state or otherwise unattached to traditional capital-labor conflicts
5. Embedding within such fascist movements themselves – highly solidary and ritualistic organizations – which cannot, obviously, explain their own existence, but can explain fascists’ commitment to their ideals and outsize willingness to engage in violence, both non-state and state.

We can qualify the above in a few ways: many authors, especially those drawing on a less narrow definition of fascism, would expand the first category to include fascism beyond the boundaries of Europe; for instance, in Japan. And the tricky question of the definition of fascism divides many authors over whether to include more or fewer cases than the five above as “fully” fascist – fascinating debates that we will nevertheless ignore, as we are happy to fold in fully fascist and “parafascist” governance for our purposes. Various typologies have been proposed to explain the differences among the light-shaded countries above, and the range of years which appear therein.

2.1.1 Why national-level explanations need a systemic component

We can understand one broad class of theories as trying to explain political outcomes by reference to particular patterns of nation-level development. Between these we can distinguish between particularist theories which attempt to explain each case by its own individual factors, fairly unique to it, and those which offer an

overall claim about late development or stages of modernization. Each of these has included useful research, but offers its own problems.

Theories of particular cases fail to explain geographic or temporal patterns. They can explain each case, but conjointly at best explain them in a very complicated way, and one that appears to leave unexplained broader patterns in the data. While the simplest versions of systemic-level theories cannot explain why the map is not all one color, the national-level explanations cannot explain why it is so neatly divided.

Theories of late development or stages of development more generally, however, cannot explain what was so distinct about the 1930s. They might explain why many countries might go through a phase of some particular politics. But they do little to explain why these fascist movements would all appear at the same time and in similar ways, when their levels of absolute wealth, social complexity, secularization, or whatever other variable you choose to isolate were so heterogeneous.

This does not mean that national-development accounts are useless. In fact, in principle national-development explanations can in some senses very adequately solve the country-discriminant problem. As we noted in [1.1.1](#), the “country-discriminant” question can adequately be answered by the history of labor-repressive agriculture. If we accept this, then there are several logical categories into which this relationship can fall. First, it could be a coincidence. Second, the history of labor-repressive agriculture could causally lead to the establishment of (para)fascist corporatism in the 1930s. Third, both could be symptomatic of something else – for instance, cultural heritage, or retarded development, or axial position. Barrington Moore (Barrington Moore [1966](#)) is among the most influential of the authors who sees a direct link

between labor-repressive agriculture (among other variables) and the establishment of fascism later on.

World-systems approaches offer some interesting hypotheses that might suggest axial position as a better conceptual target here than, say, cultural heritage or the level of absolute development. Culturalist theories are poor at testability.¹ Culturalist histories also do a poor job of explaining the cultural heterogeneity of so many responses – corporatism in Japan, in Latin America, etc. One could claim that liberal democracy is uniquely Western, but that does a poor job of explaining anything after WWII. And as we have suggested in 2.1.1, absolute level of development does a poor job at explaining why all at once. However, what a world-systems approach offers is a single system which is internally differentiated at any given time. Is there a causal relationship between semiperipheral status and repressive labor? Yes – this forms a substantial part of the historical parts of Wallerstein (2011 (1974))’s argument. And, moreover, the distinction between world-economy and world-empire, and the need of either for an axial division of labor, helps us to explain the form that this took. The degree of coercion in agriculture – the crucial variable for Moore-derived theses – had a more than incidental relationship to axial position, as from the early modern period

¹Berman (1998) probably provide the best defense of the testability of “ideational” accounts of historical action. But their method depends upon ascribing particular ideas to particular actors in a comparative setting where the actions of each can be compared with each other. This is not the level at which most of the culturalist historians try, or even should try, to explain temporal variation.

the periphery (eastern Europe and Hispanic America) used forced labor (slavery and coerced cash-crop labor.) The core... increasingly used free labor. The semiperiphery... developed an inbetween form, sharecropping, as a widespread alternative. (Wallerstein 2011 (1974), p. 103)

These different labor regimes arose from the development of institutional comparative advantage in different kinds of production; coercive labor was more productive where capital or skill-intensity was low.

2.1.1.1 Luebbert's account of interwar regime development

Because we will be drawing on Gregory Luebbert in particular, it is worth giving his treatment of the question, which falls into this general category, some greater exposition.

In Luebbert's account,(Luebbert 1987; Luebbert 1991) the determinants of interwar regime formation lay in the historical level of development, leading to different possibilities in the alliances between land, labor, and capital. In the early developing countries, the historical dominance of the bourgeoisie and (slow, gradually politically incorporated) growth of urban laboring populations led to a situation of liberal democracy, understood as the hegemonic rule of bourgeois forces with labor serving as junior partners.

In countries where a modern class structure developed later and more suddenly, or in which the bourgeoisie was divided by sectional differences and could not present a united, hegemonic front, liberalism was not fully on the table, and other ways of

Table 2.1: Luebbert’s model of regime development

regime	coalition	examples	labor institutions	political origins
liberal democracy	capital + labor	England, France	market	long liberal hegemony
social democracy	labor + land	Sweden, Czechoslovakia	corporatist ²	rapid industrialization, underambitious socialists
fascism	capital + land	Italy, Germany	corporatist	rapid industrialization, overambitious socialists
traditional dictatorship	land + capital	Bulgaria, Hungary	underdeveloped	late or incomplete industrialization

mediating political and economic questions had to be resolved by different class coalitions. Where labor was able to make a coalition with the peasantry, it was able to create a social democratic framework. Where it spooked the peasantry by trying to organize the rural proletariat, however, sections of the peasantry with even a little land ownership rushed to the right to defend their property. The resulting coalition created organized labor relations under dictatorship – that is, fascism – where a modern class and economic structure prevailed, and more traditional forms of dictatorship where it did not.

²Among the many terms that are employed inconsistently across both contemporary actors and – thus, by necessity – historians, “corporatism” is certainly among the problem cases. For Luebbert, this means the development of mass structures for the central negotiation of wages, regardless of whether these negotiations are accomplished with the free right of major unions to

Moore and Gerschenkron give a deterministic account of historical rural class structure leading to class alliances to regime formation, and Luebbert thinks this is wrong because he thinks that party choices played a mediating role and had important voluntaristic aspects. As noted earlier, however, there is not so much variation by historical development that we need to adopt such a highly agency-privileging account.

Luebbert's emphasis on the cleavages between liberal and social democratic outcomes, and between fascist and traditional dictatorships, privileges geographic over temporal differences. In fact, over the course of the 1930s (as Polanyi emphasizes) both "social" and "liberal" democracies were forced to become much more interventionist, in similar ways, and likewise both fully fascist and merely "parafascist" dictatorships were forced to adopt a different set of solutions.

Luebbert's connection of different regimes to different class coalitions, which in turn presented rival solutions to a crisis in government management of labor relations, is correct.

Moreover, Luebbert is correct to think of urban and rural capital as presenting two very different kinds of propertied interests, which were dominant in differing countries according to their relative level of social development.

withhold their labor (as in social democracy), or with the government preventing them from doing so (as under fascism.)

2.1.2 Why systemic explanations need to explain geographic variation

Another broad class of theories in the literature explains fascism by reference to a general systemic crisis. This would include, for example, Marxist – or even non-Marxist, such as Polanyi – writers who see a general crisis in capitalism, or who see a crisis in Western culture, or in the traditional state system.

In many ways, the international systemic movements being explained are evinced more where fascism *failed* to succeed than where it did. Capitalism was both more fully developed (at the level of productive forces or marketization) and more deeply wounded (at the level of output drops) in liberal Western countries that weathered the storm than elsewhere. And it was likewise these countries that were already most ensconced in “Western Civilization” as traditionally conceived or the Westphalian state system.

I do not intend to argue that explaining fascism by reference to a general systemic crisis is wrong – indeed, I argue that it is essential. In order for it to explain geographic variation, however, we need a sense of how the system itself relates to that geographic variation. This is done through three traditions: the realist tradition, the world-systems tradition, and the academic Trotskyist tradition. While all of these are useful, the first is deeply inadequate at explaining international variation in political support without engagement with other traditions (such as liberalism), while the second and third have not been fully applied as yet

to the question of the formation of fascism. ³The slogan of the latter, “combined and uneven development,” serves as a useful encapsulation of what we are after in this respect.

2.1.2.1 Polanyi’s account of systemic failure and transition

As Gregory Luebbert deserved extended treatment in our analysis of geographic variation, Polanyi deserves some treatment in our analysis of temporal variation.

For Polanyi, the international system of the nineteenth century formed a coherent whole, resting upon interlocking systems guaranteeing the distributed and stable operation of international liberalism; these were undermined, ultimately, by their utopian premises which imagined that a completely self-regulating market society could work (rather than cannibalize the broader society within which markets had always been embedded.)

For Polanyi, the shift (though the world wars and interwar period) from the long nineteenth century to the postwar period represents a necessary correction to the internal contradictions of the nominally self-regulating market, and, specifically, their embedding within non-market institutions, especially national ones. For Polanyi, socialism, social liberalism, and fascism represented alternative methods to achieve this same result, however different they may have been in other ways.

The Polanyian account brings specific attention to the fact that, although all

³Trotsky himself engaged with the question of fascism, but his account was very much in line with the traditional systems-level account.

Table 2.2: breakdown of the international system, per Polanyi

	economic	political
national	self-regulating market ↓ various internal contradictions	liberal state ↓ presumes existence of other pillars
	gold standard ↓ abandoned in wake of Great Depression	balance of power ↓ unilateral disarmament prevented normal operation
international		

actors sought to resolve the same crisis, several different resolutions were possible. It was a matter of political imagination as well as trial-and-error, then, of discovering the possible resolutions, and a matter of political negotiation and violence to decide the matter between these possibilities. (Polanyi 2001 (1944))

Generally speaking, we can say that while Polanyi provides a good sense of temporal variation and Luebbert provides a good sense of geographic variation, we want to be able to explain both of them together – to explain how one world order came upended and how multiple possible resolutions to it were available.

To do this, however, we need to focus on (1) the different possible systems of organization, economic and political, which appeared to political actors as live possibilities, and (2) the determinants of relevant political actors' aligning themselves in coalitions to support some possibility or another.

2.2 Influences and theoretical framework

This section looks at the major pieces of the theoretical apparatus.

I wish to explain political outcomes – that is, state form and behavior – by the interests of different elites, with varying levels of interest in relative state capacities (relative both to their own populations, and against other states) and hence varying, vicarious levels of interest in relative state power. What follows is something of a conceptual map that tries to break these down and offer a justification for them.

2.2.1 World-systems approaches

World-systems approaches, like those of any tradition, have been diverse, but can be seen as centered on several core assumptions:

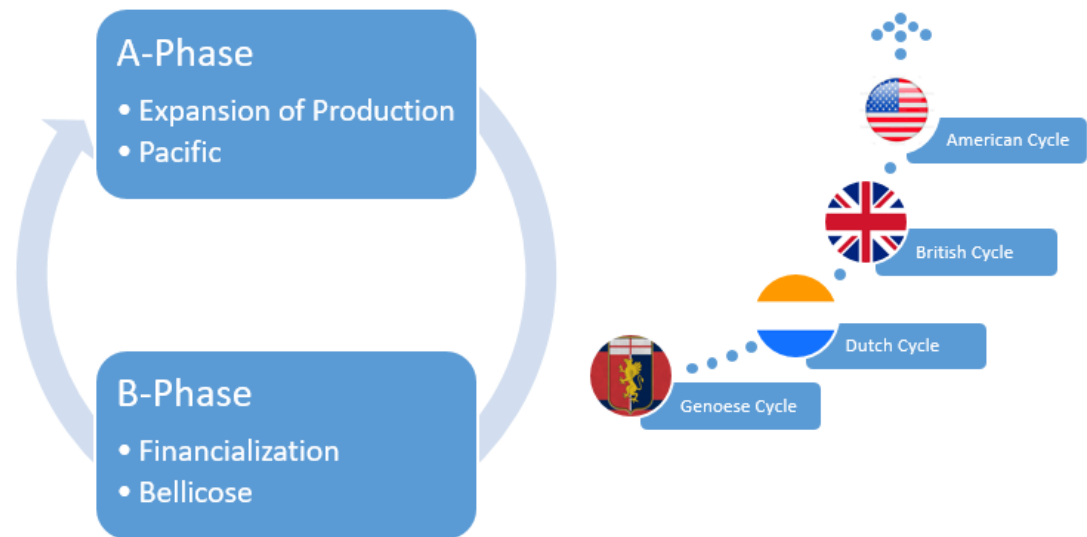
- The proper largest unit of social analysis is a whole division of labor capable of reproducing itself – that is, a world-system – which since the early modern period has existed on a global scale. Economic and political phenomena at the local level, then, have a typically global explanation, concerning the region's relationship to the overall division of labor.
- This division of labor is organized hierarchically, with a richer core region engaging in unequal exchange with a poorer periphery. The core is not more developed or modern than the periphery, because only the division of labor as a whole develops; rather, its development/modernization entails the relative enrichment of the core at the expense of the periphery.

World-systems can be distinguished between world-economies and world-empires. In world-economies, a relatively decentralized system of states is disciplined by the market. The logic of the global market preserves hierarchies between core and periphery, and states governing core areas enjoy greater autonomy and resources, but still lack the ability to disobey the market logic which regulates the system. States which do not foster capital accumulation will see their economies, and hence their ability to project power, falling behind those of their rivals in the long run. In world-empires, by contrast, a single state is able to dictate political affairs, meaning that it is no longer disciplined by the market. In these systems, a central bureaucratic apparatus tends to absorb the surplus which the center extracts from the periphery, rather than it being plowed back into investment, as in a capitalist world-economy. Historically, world-systems have been world-empires, but the modern (i.e., capitalist) world-system is a world-economy.

Although not all hegemonic realists subscribe to world-systems approaches, and world-systems approaches concern themselves with more phenomena than international (i.e., interstate) relations, world-systems approaches to relations between states can almost all be categorized as a form of hegemonic realism. Among the most prominent theoretical approaches is that of Giovanni Arrighi (1994).

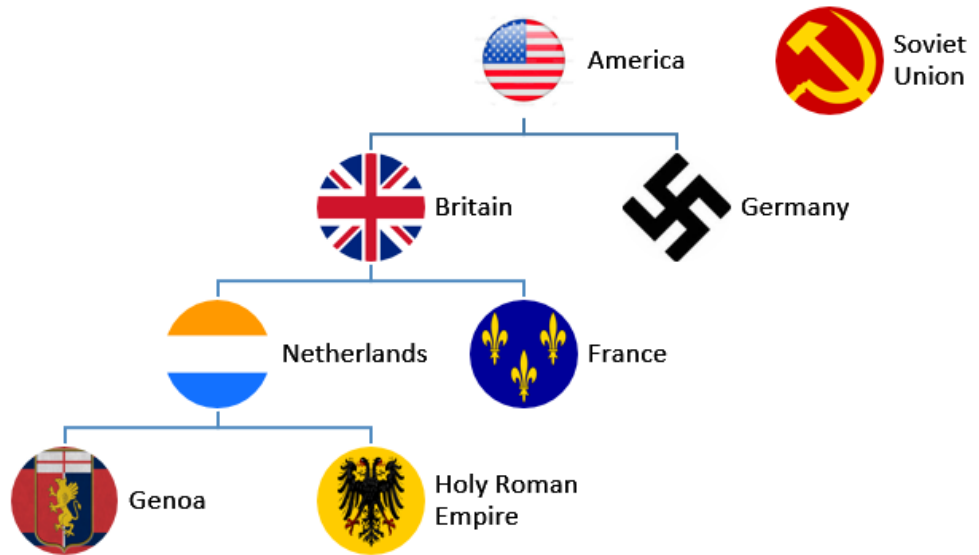
In Arrighi's account, the capitalist world-economy has progressed through four systemic cycles of accumulation since its genesis. Each of these cycles has two outstanding features: first, as a cycle, there are distinct phases which alternate and produce each other. In the A phase, profits are high, fueling expanded productive capacity and trade of commodities; as opportunities for profits are eaten up, a B

phase begins in which growth slacks, resources are diverted from insecure production of commodities to land, metals, and more abstract financial instruments, and geopolitical instability grows; this chaos prompts institutional innovations which are eventually able to restore profitability. Secondly, then, we can regard as symptomatic or characteristic of such cycles the institutional frameworks that are used to secure their profitability – in particular, the global systems that keep a world-economy a world-economy. Within this cyclical framework several secular trends are visible: the integration of more states into the system, the greater level of regulation by global norms to which they are subjected, the internalization of production and protection costs within the system itself, and the functional differentiation of business from government.



Each of these phases in the evolution of the capitalist world-economy has been marked by struggle over hegemonic leadership, with some contenders being less interested in a world-economic than a world-imperial (in the sense of world-economy and world-empire above) organization of the global economic system. Thus, there

has been a correlation between ideology and geopolitics – mercantile sea empires seeking to impose decentralization and liberalism, land-based empires seeking to create a hub-based alternative. (Arrighi 1994)



It should be obvious from the above simplified schematic that forms of resistance to the predominant world-economy and its concomitant liberalism have taken various forms. The attempt to hold onto the dying feudal order, to create ethnically and culturally pure, spiritually revitalized nations along fascist lines, and to realize a rationally self-governing world socialist community enjoy a purely negative unity, based on the hope that states can pursue goals which are separate from those of the global market. They appeal to different class interests, different fundamental values, and so on.

It is also important to note that the term world-empire does not imply a division of labor which is literally global in scope. Rather, it implies an imperial system that is an enclosed world in itself, essentially autarkic and autonomous.

2.2.1.1 Difficulties of hegemonic pluralism

An inherent difficulty in maintaining a world-economy is that it depends upon a careful balancing act in the position of leading power – what we might refer to as maintenance of a condition of *hegemonic pluralism*. Simply put, too much hegemony threatens pluralism, which would lead to the conditions of world-empire; while too much pluralism threatens hegemony, and hence the production of public goods (peace, trade freedoms, protection of private property) which are the preconditions for a world commercial order. (“Trade expands in the presence of systemic leadership, and war expands as systemic leadership declines.” (Rasler 2005, p. 251)) To provide public goods, a hegemonic leader can

provide a market for distress goods during recessions or depressions, can supply countercyclical flows of capital that minimize fluctuations in the business cycle, can manage international liquidity provision through its rediscount mechanisms, can stabilize foreign exchange rates, can encourage states to coordinate their monetary policies. . . [Other public goods include] a stable exchange-rate system, the enforcement of trade agreements, the freedom of transit for trade, an international financial regime capable of facilitating capital flows across countries, global recognition of individual property rights, or the aggregate stimulus of the global economy. (Pahre 1999, p. 10)

The whole trouble, of course, is the traditional trouble of capitalism and the state – any entity capable of providing public goods or security property rights can also

reallocate them.

Because blocking coalitions tend to form against land powers but not against sea powers,(Levy and Thompson 2005; Levy and Thompson 2010; Blagden, Levy, and Thompson 2011) sea-based trading hegemons may find it easier to remain dominant. If secondary powers are willing to not block the commercial leading power because they suspect it will provide public goods, then their suspicions to remain accurate over the long-term will depend at least in part on the internal structure of that leading actor – both its institutions and the interests of its major internal power groups. This leads to an intimate relationship between hegemonic pluralism and “open” (though far from necessarily “democratic”) institutions, as discussed in (Blanken 2012).

But sea powers also have a military reason for assuaging potential partners of their “good faith” – sea power is less useful for invading a country. It *can* be used for purposes of military blockade, and the twentieth-century extension of sea power, air power, can be used to destroy a country. But when the thalassocracy has a sustained interest in trade, it has a built-in incentive to only use these measures defensively and under exceptional conditions. This does not mean that other states are not wary of the thalassocrat – but, rather, that this wariness has that much more room before it turns into outright coordinated resistance, and that much less to be seen as the lesser evil, especially against a nearby land power.

For these reasons, we can expect sea-based trading powers to have some degree of hegemony over a capitalist world-system, but not in a stable, uncontested, or unproblematic way. Hegemons will always be seeking to exploit their power just

a little bit more at the margin, and non-powers will seek just a little bit more autonomy at the margin – where both could be fatal to the functioning of the system. Hegemonic pluralism, and thus a global market economy, depends upon the equilibrium remaining within a fairly narrow range, one that is difficult to explain in purely realist terms, and best explained by the existence of *internal* constituencies in both zones which support global capitalism.

2.2.1.2 Difficulties of a capitalist world-empire

If capitalist world-economies have the difficulty of maintaining themselves through regulation of the strength of their leading powers, a “capitalist world-empire” should be, in classical terms, a contradiction in terms. For

capitalism cannot flourish within the framework of a world-empire. This is one reason why it never emerged in Rome. The various advantages merchants had in the emergent world-economy were all politically easier to maintain than if they had sought them within the framework of a single state, whose rulers would have had to respond to multiple interests and pressures. That is why the secret of capitalism was in the establishment of the division of labor within the framework of a world-economy that was *not* an empire rather than within the framework of a single nation-state. (Wallerstein [2011 \(1974\)](#), p. 127)

Is capitalism, as Wallerstein insists, dependent upon a pluralist international order? Not necessarily, at least if capitalism is understood as marketized private

property in the factors of production. Extensive factor markets developed in early medieval Iraq, for instance, with the result being the concentration of power in leading market-based families, and attendant constriction on the actual effectiveness of factor markets, but without these actors' being expropriated by the central state. (van Bavel 2016) It is likely that much the same applies to the late antique Roman Empire, which was experiencing growth in wage labor and profit-oriented, rationalized production. (Banaji 2001, pp. 217-218) More speculatively, van Bavel (2016, p. 35) lists several likely examples of market economies that lasted several centuries despite their embeddedness within a single state.

However, we can say that the usual case is still probably one in which tributary extraction from the center "eats up" the surplus. "Property-guaranteeing empire," then, like hegemonic pluralism, requires political precommitments and the institutional or ideological means of ensuring them.

Because fascism failed, we can only speculate about what direction in which its imagined superpolities would have developed. However, if the tensions identified here are real, we would expect to find both attempts by political leadership to offer this kind of reassurance as well as cases of capital objecting when their interests were threatened. This we will find. In particular, we will find the ideological attempt to reconcile property protection, anti-liberalism, and discretionary state action (3.3.8.3) and business concerns as the state of their own making (or at least blessing) in Germany (4.9.3) or elsewhere starts acting in ways they did not anticipate.

2.2.1.3 Social bases of world-empire and world-economy

If both world-empire and world-economies pose inherent difficulties but are kept “on the path” by internal constituencies, which are the theoretically expected constituencies of each? I propose that, again, capital mobility provides an important predictor. While low capital mobility predicts authoritarian politics (voice monopolization) due to low exit power, high mobility capital would prefer a pluralist world in which their naturally high exit power has maximum leverage.

The distinction between world-economy and world-empire is something of a spectrum. The leading state can have power that is more or less overwhelming, and the combination of this and internal institutions can lead to a situation in which (leading) state disciplining of markets and market disciplining of the state each operate to a degree. This will prove to be important later when we examine the fragmentation of the world economy into *Großräume* – regionalization or emblocment of the economy was neither absent before the 1930s nor complete afterwards. What is important, then, is the relative direction that it took, that different actors hoped it would take, and the effects its taking it had on the incentives for them in turn.

2.2.2 Kees van der Pijl: capital fractions and transformations within liberalism

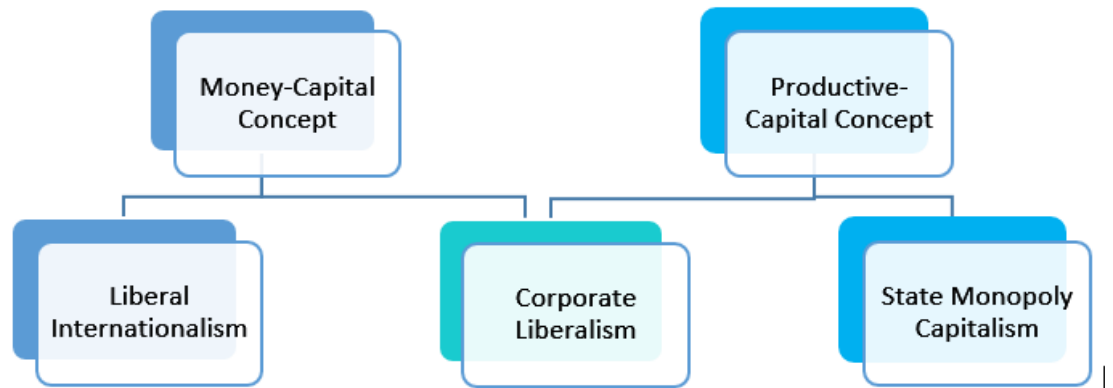
For Kees van der Pijl (2012 (1984)), the formation of the existing global order, led by an Atlantic-led liberal capitalist coalition, is the result of a dialectic of conflict and compromise between differing sectors of capital. Money-capital has historically been represented by the ideology or comprehensive concept of control of liberal internationalism; productive capital by the comprehensive concept of control of state monopoly capitalism. An ideal-typical version of the nineteenth century order represented the limit case of the pure liberal version; an ideal-typical version of fascist policies the limit case of the pure state monopolist version. The emergence of the New Deal in the United States represented the development of a compromise model that could successfully resolve (for the moment) intra-class feudings of the major capitalist fractions as well as those of organized labor. Thus the thesis of liberal internationalism and antithesis of state monopoly capitalism was ultimately resolved by the synthesis of corporate liberalism, which ultimately produced its own systemic crises in the 1970s.

Although various terms have been used – the “American cycle of accumulation,” (Arrighi 1994) “embedded liberalism,” (Ruggie 1982) “corporate liberalism” (van der Pijl 2012 (1984)) “social liberalism” – have been used, we will (to avoid bringing in their various points of emphasis) refer to “revisionist liberalism” to characterize the transformations of liberalism. These included a revision from the liberal state to the pluralist interest state, from commodity reserve money to dollar reserve

money, from formal colonialism to neocolonialism, and from the balance of power system to the international parliamentary system. All of these were achieved in fact only haltingly, incompletely, or after very complex political struggles, but under the general heading of social liberalism – which we use as a term to refer to a conscious ideology – were frequently articulated as solutions.

Revisionist liberalism embedded the market within social relations which were frequently administered by the national state, but placed heavy restrictions (both through the decentralized mechanisms that had characterized nineteenth century liberalism, through explicit treaties and conventions, and through the proliferation of NGOs and informal cadres which sought to replicate prescribed institutions) on the actual autonomy of the national state. It also upset the advantages certain national states might make through the formal subordination of others.

Just as revisionist liberalism functioned as an attractor towards which most constituencies in the liberal orbit drifted towards, illiberal but non-socialist constituencies drifted towards an attractor consisting of institutions like the spheres of power system and the corporate state, which aimed to solve many of the same problems as those worked towards by revisionist liberalism, but with different winners and losers. (We can, with Weber, speak of both “material and ideal” interests here, though we shall focus on the material as they are more easy to explain endogenously, and when ideal interests can be explained endogenously they are typically explained by reference to hysteresis of material interests.)



2.2.3 Credible commitment – why it is rational for some actors to be bound by institutions and ideology

Notions of credible commitment will be important in explaining why actors, in pursuing their long-term interests, may put themselves in positions where they lose the very desire to do so. And some of the mechanisms through which institutions can achieve this kind of rational self-crippling speak to the kinds of relations that may exist between different groups of political actors – especially those between traditional elites and ideologically motivated activists. Drawing out the logic of these relationships is especially important when so much of the literature is apt to get itself confused regarding the different levels at which different actors can be regarded as acting according to rational, material, and/or ideological interests. As I hope to illustrate, there is no contradiction between an institution’s operating according to logics that are fundamentally material on one end, and the mechanisms by which it does so including actors who operate according to, in Weber’s phrase, “ideal interests.”

Normally, agents want to maximize their freedom of action. However, there are situations in which they would like to remove their freedom of action. For instance, agents may wish to give public signs that they will uphold bargains, even if abiding by these should end up hurting them in the short run (the better to entice potential partners to go along with them,) or that they will violently react to attempts to coerce them, even if doing so does not pass an ex post cost-benefit analysis (the better to dissuade potential bullies.) From mythology, the classic example is Odysseus: knowing he and his crew will pass through the abode of the sirens, whose song no man can resist, Odysseus binds himself to the mast so that when he hears the song he will be powerless to heed it, rather than powerless to reject.

We can regard some norm as law when the governing institutions of society – which may or may not be a state in the more narrow sense – are credibly committed to retaliating against violations of that norm. Highland peasant villages, for instance, may be anarchist in the sense of virtually free from the institutions of the state specifically, but so long as the villagers expect each other to sanction retaliation against various offenses, they have law.

”States” are bureaucratic institutions with a territorially delimited ability to determine law. While law does not depend on states for its existence, once they come into existence, they determine it over their areas of effective jurisdiction. International law exists insofar as supra-territorial institutions, or sets of expectations, regulate violence.

In order for states to maintain their ability to determine law, they must do two

things: first, they must maintain command over the means of coercion; second, they must maintain a credible commitment to maintaining particular laws. That is, a state's ability to make it illegal to sell alcohol on Sundays depends on 1) its ability to command armed men to retaliate against alcohol merchants and 2) the expectation that it will still wish to do so come Sunday. Credible commitment will become important in two senses relevant to our subject matter: in the distinction between different types of elites, and in a game-theoretic explanation of ethnic politics.

2.2.4 Historical and activist-intellectual elites

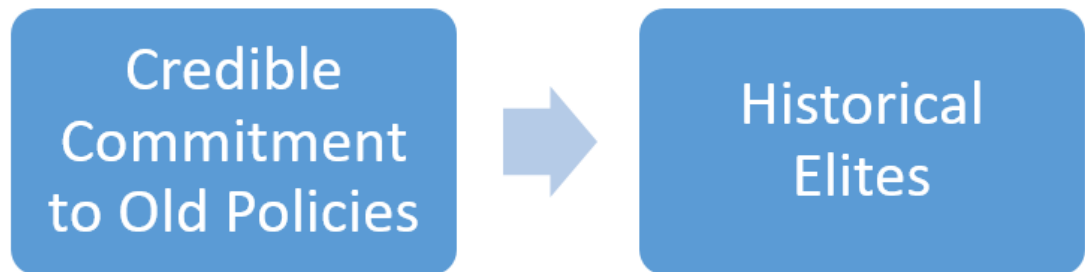
The distinction I am about to draw here between historical and activist-intellectual elites will be employed mainly to explain the relationship between fascist activists and traditional state elites – indeed, it is largely inspired by historical studies of their relationship – but it is hoped that its theoretical applicability is more general.

Laws frequently involve some kind of property rights. Not all regimes of property are equivalent – for instance, a framework that recognizes land rights as free to sell is one that differs from one that assigns them inalienably as mortemains to particular noble families; state offices may be treated as alienable private property, as in early modern venal systems, or as inalienable but heritable, as in some service aristocracies, or as neither and revocable at will without compensation, as in modern bureaucracies – and of course Marxist historiographers have been particularly keen to engage in periodization based on different sorts of property regimes.⁴ Liberal

⁴One can understand a property regime in this sense as inclusive of modes of production, but

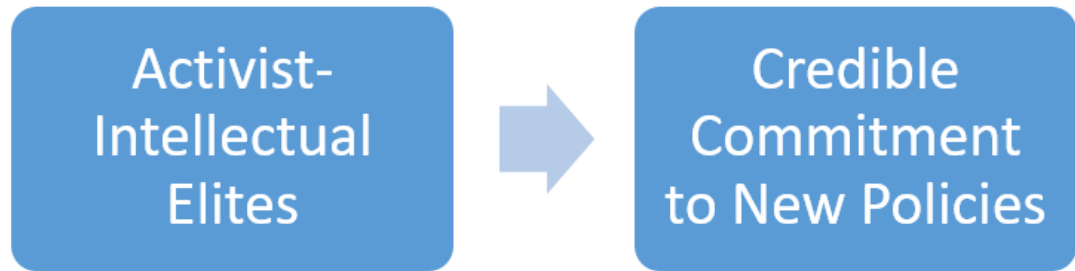
historiographers have also been sensitive to this, though they have tended to focus less on the distinctions between different property regimes and more the degree of credible commitment to property in general – that is, the security of property rights.

Whenever there is such credible commitment entitling a group to a set of important resources that others lack, we may designate them as an historical elite, insofar as their position is a gift from history and the result of the continued commitment to property rights (of the relevant sort) by the state or entities serving the function of the state.



There is, however, a second type of elite group which we may designate as the activist-intellectual. These are people who staff the relevant state or state-like institutions in substantial virtue of their visible commitment to some ideology. While credible commitment to old policies implies the existence of historical elites, credible commitment to new ones requires activist-intellectual ones.

not limited to them insofar as property regimes need not intrinsically be distinguished based upon labor relations.



While both forms of credible commitment are associated with a particular kind of elite, the causal order is reversed: activist-intellectual elites are required for credible commitment to new policies, while credible commitment to existing policies is required for the preservation of historical elites.

Conservatism here can refer either to the defense of traditional landed property and social relations during the transition to modernity or to a formal attitude (negative, or at least cautious) towards change (as employed for instance by Wallerstein 2011.) It represents a strategy of explicit ideological commitment towards preserving the conditions allowing historical elites to exist; that is, like so:



Although credible commitment to longstanding policies does not require the kind of staffing that credible commitment to new ones does – the sun rising in the east for the previous thousand days provides reasonable evidence that it will do so in the future; were the sun to rise in the west tomorrow morning, we would be

considerably less sure of the day after – conservative activist-intellectuals themselves have long reflected and struggled with the antinomies of their position, starting with Burke’s analysis of the relationship of ability to property. Ability, the rising set of professional and bureaucratic classes, had been the nucleus of the radical threat to property and hence the social order as such. Ability, on its own, became a dangerous evil. But other than them, the most dangerous thing to property was the property owners themselves – they lacked the, well, ability of ability, were consistently venal and short-sighted, lacked the foresight and discipline to defend themselves collectively and in the long-run, could not adapt themselves to changing conditions on the ground. What was necessary was to marry ability to property so that the former could defend the latter – as in the graph above.

The social order which conservatives sought to defend had long predated conservative ideology as such, and the need for their existence reflected several changes coming with the modern era: first, the increasing rapidity of social change; second, the growth of formal state and other institutions to be commanded by literate staff; third, the presence of rival ideological visions. The presence of the third had created a demand for counter-arguments, of the second, a supply of more intellectuals as well as additional possibilities for their use, but the first introduced what we may call the fundamental paradox of conservatism: under changing conditions, to preserve some old policies, it becomes necessary to embrace some innovations. Under such conditions, a blanket policy of doing what was done yesterday is no longer self-reinforcing in its production of credible commitment, because it is simply impossible; but dynamically responding so as to preserve the property structure upholding historical

elites requires staffing of the sort that other ideologies or interests require.

Conservative thought, then, has generally been an endemic feature of the modern social landscape, one with its own peculiar contradictions (not that, of course, other ideologies need not manage other distinct contradictions!) John Nagle observes that alternative fascist elites have been a constant feature of capitalist democracy, and in order to win the trust of traditional elites, must overcome three distinct problems:

1. The *recognition problem*, the “necessity for fascism to makes its services attractive or even vital to the interests of important established centers of power.”
2. The *assurance problem*, that of reassuring “established elites that in collaborating with this radical alternative political elite. . . the main interests of these established elites will themselves not be attacked.”
3. The *normalization problem*, that of providing specific assurance that the alternative elite will “after some initial period of extraordinary service by the fascist movement. . . the fascist political elite will over time ‘settle down’ or transform its behavior to conform to more ‘normal’ standards for a political elite in capitalist society.” (Nagle 1989, p. 195)

2.2.5 Capital mobility and state attachment – crucial factors determining the interests of different elite groupings

State attachment helps to explain why different elites may be more inclined to allegiance to the local territorial state or to international institutions, and the

relationship of capital mobility to state attachment can explain both why some sectors may trend in one direction or the other, and in how global shocks to capital mobility can change the overall balance of power between national and international governing institutions. As we shall see, a major part of the narrative I propose is both that radical nationalism both drew upon elite and popular sectors that had a natural alignment of interest with the territorial state, in part due to their low mobility, and that the central tendency of politics shifted in this direction in many places after there was a global fall in capital mobility in the wake of the Great Depression.

Different forms of resources imply different levels of attachment to the territorial state. When resources are mobile, the state – or for that matter mobs – has lessened power to expropriate such property, but, conversely, can be disciplined through threat of exit. When property is less mobile, it is more important to have the complex of law-enforcing and -making institutions directly in one’s pocket, both to protect yourself against the state and for the state to protect you against your social lessers. Likewise, because of its greater expropriability, a captive (that is, so disciplined) state can be used to secure less mobile forms of capital, such as land, while it is less able to secure less mobile forms of capital. Conversely, more mobile types of capital are more likely to be interested in global regime of property rights that is transferable across borders.

There is an additional reason that we can expect capital mobility to have an association with territorial state attachment — the experience of those managing more mobile resources will naturally be more cosmopolitan than those managing

less mobile ones, which will be more rooted. The presence for there to exist market-dominant minorities can be explained less well by supposed primordial features of the ethnic groups associated with such (such as Jews, Armenians, or Chinese outside of China) than by the existence of two separate paths to ethnic solidarity and identity, one based in the state-making practices of centralized monarchies (low resource mobility) and the other in trust networks of traders (high resource mobility.) The vulnerability of these latter groups to ethnic cleansing actions can further be explained less by envy (which would apply to any elite group, and far better to those defined by actual resource possession than weak ethnic proxies for such) than by the ethnic politics of credible commitment, to be explained below. In Czechoslovakia, for instance, where census nationality was a matter of self-description and subjective assessments of nationality could be quite fluid, an attitude of denying any particular national identity was, among businesspersons, “usually found in circles of business leaders with international interests and a supranational outlook.” (Boyer 2000, pp. 263-264)

In general, we can expect finance capital to be more mobile than merchant capital, merchant capital to be more mobile than industrial capital, and industrial capital to be more mobile than landed property. Further, an international legal framework and other factors promoting a great degree of liquidity and flexibility allow affected resources of any sort to behave as if they are more mobile.

2.2.6 State interests – conceptualizing states as vicarious bearers of value for their principals

Because I am explaining the behavior of elites partially by reference to their investment in particular states and in those state's own interests with respect to the international order, and because the concept of state interests has become a commonplace in much literature, often with disparate uses, it is worth engaging in some conceptual housecleaning. First of all, how can institutions have interests? Secondly, what would the interests of states specifically consist in?

Consider an ordinary capitalist firm large enough to enjoy differentiation between ownership and management. We can speak of the firm having interests in two distinct senses: in its ability to deliver benefits (profits) to its principals, the shareholders, and in its ability to provide benefits (of perhaps a more varied sort) to those who direct it, the employees (but in particular the management.) Stock price is simply the market's best guess about the state of the first of these.

If one were – like the author of this text – an exceptionally vulgar materialist, one could speak of state interests in a directly analogous way. States are large enough bureaucratic entities to evince significant principal-agent behavior, and thus have interests in securing benefits to their principals (the ruling class) and to their agents (the state staff, or, one might want to say, governing class.) We do not have to embrace (as many rightist theorists of the period did) an organismic or spiritual conception of the state to talk about its having interests. Like other organizations they are convulsed by various strategies to manage principal-agent problems – crack-

downs on corruption by bureaucrats and politicians as well as more subtle attempts to merge ownership with management.

In general, when we talk about state interests in an unqualified way, we will be referring to the first sense – the ability of the state to provide benefits to its principals; especially the security and income of its resident historical elites. Like CEOs with stock options, the upper levels of the state staff are typically sufficiently enfolded in these that this subsumes much of their interests as well, and so we can treat (e.g.) service aristocracies, even ones with their legal privileges removed (so long as their social networks remain) as one more group of historical elites in this principal sense. Where the interests of the state staff begin to differ in a relevant way, we will refer directly to such interests.

It is worth pointing out how this conception of state interest differs from those claimed by some international relations scholars of the realist school. Under the above conception, a state might find it in its state interests to dissolve. For instance, the Austrian ruling classes might welcome the dissolution of their state under the *Anschluss* provided that they believed incorporation into the Reich would provide greater benefits (access to a better trading bloc, to colonial slave labor, and perhaps the moral rewards of saluting to a more prestigious flag) than the alternative. Of course different fractions of the ruling classes might have different views on this, and in particular, we would expect the permanent bureaucracy of the Austrian state to be considerably more interested in what realist scholars would expect them to be. (Thus, within our framework, IR realism holds to the extent that the agents have broken free of the principals – or, at least, insofar as that is true and said agents

are classically interested in the increased power of the state itself vis-à-vis others, as opposed to other interests that activist-intellectual elites might be interested in.)

2.2.7 The ethnopolitics of credible commitment – why ethnic nationalism makes strategic sense (in many situations)

Any broadly rational-choice account that intersects heavily with episodes of terrifying ethnic violence must content with the standard irrationalist narratives of such phenomena – that they are the ultimate revelation of the irreducibly irrational and primordial side of human nature. For those who find this narrative compelling, I do not expect to dislodge it; but I do hope to render the rationalist alternative more plausible. For those who already constitutionally disposed to rationalist explanations, I hope these explanations, as those above, present some degree of plausibility to the particular mechanisms underlying political behavior in this era.

Suppose you are on a democratically run pirate ship of 100 pirates. You gather 50 crewmembers at random, and propose: Arr, mateys! I propose we kill those other 49 landlubbers and expropriate them for their doubloons, leaving each of us rational dubloon-maximizers nearly twice as well-off as before! Why might your audience – which is, after all, composed of lead-hearted blackguards who kill for money by profession – balk at this proposal?

One possibility is that they would simply expect the prospective victims to resist, and for the resulting fight to not be worth it. But another is that they simply have no assurance that instituting the norm of doing this wouldn't simply be

repeated. What makes this group of 51 special, that an unknown 26 among them won't iterate the procedure? In other words, what enables credible commitment against such a thing?

Suppose, then, that 51 of the pirates aboard the ship are women. Then an enterprising pirate queen might propose: We 51 women, let us expropriate the goods of the 49 men! If the pirate culture in question has a sufficiently rigid understanding of gender, the prospective conspirators could rest assured that they would not be retroactively declared men after the revolution, and so this proposal might meet with eager ears. To do so, however, you would have to engage in the usual mechanisms of credible commitment. You would, presumably, have to staff the conspiracy's leadership with personnel who visibly cared about the gender issue as such. In this frame, pirate ship massacre feminism is in some sense just a vehicle for the economic interests of its principals, but in order to do this effectively some people need to believe in it for its own sake, or appear to, which at the social level is the same thing.

The use of ascribed characteristics, then, provides a basis for political coalitions, and in particular coalitions of a predatory type. (Predation in this sense does not *require* any sort of massacre – only the use of external markers in determining the distribution of resources and risks.) The principal of rational interests summons the agent of irrational racism. For ethnicity – in its various forms – features a number of ideal characteristics for political mobilization, especially around the creation or seizure of a sovereign state, and especially especially around the creation of a hierarchical, highly autonomous state:

- *Ascription*: as noted above, ascription has certain desirable game-theoretic qualities. Identities can be more or less ascriptive dependent on the fixed costs to successfully picking them up.
- *Territoriality*: Governance institutions of the modern state form are efficient partially because territorially contiguous, and so having high density of allies across some area is useful in constructing a state that claims to represent them. The modern era also features more institutions of global governance, especially beginning with the 20th century, but for reasons discussed elsewhere, groups with access to less mobile capital will be more attached to territorial than non-territorial institutions.
- *Lack of functional interdependence*: any closed human community persisting over a long period will be mixed in sex and age. Likewise, any society that preserves private or other forms of elite property is going to be mixed in terms of class (and certainly, regardless of the ownership structure, different skill specializations are going to be functionally dependent on each other.) Thus nationality stands in good position relative to other possible candidates for the same.

Arguably, given the incoherently diverse set of ontological bases that have been offered for nationality – language, historical culture, people who practice a particular religion but only within a particular area, racial heritage – it just is anything that meets the above criteria.

2.2.8 the labor trilemma

Any two of the following things can persist together: private ownership of the means of production, full employment, and nonpolitical disciplining of workers. Liberal, social democratic, and fascist attempted solutions to the problems posed by capitalism all illustrate this, as well as the unique political problems posed by each.

Consider the classical Marxist account of how capitalism works and why it eventually acts as a fetter on the development of the forces of production:

1. Capitalism is a class society, and, thus, the means of production are in the hands of a minority class; moreover, unlike other forms of class society, the units owning the means cannot reproduce themselves internally but must sell commodities on the market, disciplining them to behave in a profit-maximizing way.
2. Workers, while lacking ownership of the means of production, own themselves, and thus rent out their labor-power to capitalists.
3. The presence of a “reserve army of labor” disciplines workers by ensuring that they always have competition for their jobs – though this, and the cyclic forms it takes, limit the productive capacity of the system as a whole.

This is the model of capitalism outlined in *Capital*, which – like introductory orthodox models of political economy – dispensed with many complicating factors (government regulations, rural smallholding, etc) in order to get a cleaner look at

the basic logic of the system. But the basic logic of the system creates demands by all sorts of actors to quibble over the details – by some, to abandon the system itself. Workers would, famously, like to seize the means of production, and if that’s not on the table they’d at least like to be less precarious. Firms might like to be able to employ more direct methods of coercion. And just about anybody might want to increase total output, if they can agree on the proper consequences of doing so.

The trilemma here is that of (1), (2), and not-(3), only two can be active for any long period of time:

1. Without a reserve army of labor, free workers will be able to bid up the price of labor until they are able to absorb the entire surplus, thus threatening the private ownership of the means of production.
2. Full employment can be maintained without such threatening wage increases only by the political disciplining of labor – by wages coercively frozen or workers simply coercively marched to work.
3. And “classical” capitalism, as in the model, will always feature a reserve army of labor.

The political evolution of different capitalist models must be understood in this light. The era of classical liberalism⁵ persisted roughly until the 30s, where the Great Depression and breakdown of international institutions (with its concomitant, and self-reinforcing, risk of total war) combined to convince national states that they

needed to increase their own output, and fast; the regimes that arose necessarily had to confront the other horns of the trilemma in varying degrees.

None of them did so in “pure” ways, but we can see different emphases with different consequences. In the Western democracies, government spending would put people back to work – with industrial unions offered a substantial piece of the pie in the long run, so long as they suppressed consumption demands in order to promote “national” interests, and so long as not too many questions were asked about what would happen if they ceased to do so. ⁶

Under fascism, far more obnoxious political means were used to suppress the wage bill – not bargaining with unions but smashing them, strict limits placed on wages, and of course later on the mass adoption of simple slave labor – though the very nature of full employment meant that companies were forced to offer raises under the table as well. ⁷ Again, the trilemma is central to understanding the internal evolution of these regimes and, in particular, the radicalization of the National

⁵At least as a container of and intermediary between various national variants.

⁶After the war, this political consensus eventually broke down, leading to the crisis of the 1970s, in which the attempt to simultaneously maintain full employment and free labor without transforming the mode of production led to collapsing labor discipline and hyperinflation. It was this next crisis which forced global capitalism to adopt neoliberalism as a reform strategy – re-constricting the role of politics back to where it was (for purposes of this schematic) during the liberal epoch, hence the name.

⁷That is, there was a collective action problem in which the “executive committee” of the ruling class would prefer to engage in cartel practices to keep the wage bill down, but any given member of the cartel has incentives to defect from this compact, especially insofar as decisions on the ground were made local managers trying to meet production targets.

Socialist economy over its short life. During the first years of its existence, the Nazi government pursued policies that more or less directly represented the interests of the monopoly capitalists who had brought them to power; one of their own, Hjalmar Schacht, acted as “economic dictator” to pursue this suppression of unions, restoration of output through public works and rearmament, &c. Around the period of '36-37, Schacht and the old ruling class elements considered that these thus far amenable dirigist policies were overheating the economy, leading to inflation and an unsustainable allocation of resources towards non-productive military or prestige projects. However, by this point, not just the working class but the old ruling classes were at the mercy of the political leadership, and those elements which placed their hopes in a conquering national state – and hence continued rearmament, whatever the cost – won out. ⁸ Thus Schacht’s rationalized monopoly capitalism was replaced by Göring’s militarized kleptarchy. (Göring’s own heavily improvisational corrupt approach would itself have to be replaced by the more rationalized planning regime represented by Speer, but this was too little and late to compete with the Allied planning regimes, which by ideology and structure were far less distorted by the fascists’ own emphasis on “personality” and “will.”) ⁹

⁸The trilemma was appreciated at the time. Kalecki, speaking to the Marshall Society in 1943, spoke of how “under a regime of permanent full employment ‘the sack’ would cease to play its role as a disciplinary measure. . . One of the important functions of fascism, as typified by the Nazi system, was to remove the capitalist objections to full employment.” (Kalecki 1943, p. 326)

2.3 Putting it together: fascism as a form of illiberal capitalism much more consonant with some forms of geopolitical organization than others

With this theoretical groundwork laid, then, we can understand the innovative rightist policy aspirations of the period as a specific ideological articulation for a global bid for world-empire in the sense identified in 2.2.1 – moreover, a very specific kind of world-empire. It is not really true, after all, that fascists had nothing to offer in the way of economic philosophy, programs, and so on – even if these were less immediately central to it than to liberals’ and socialists’ philosophies. Their economic thought and policy had to face a number of contradictions, as noted, but in the main it was broadly consistent – defense of property ownership, skepticism towards the effects of widespread marketization of relations on culture, hostility towards every form of “materialism” and division between classes, valorization of independent small property holders such as peasants, and openness towards etatist and interventionist solutions to economic problems – in particular, as a means of achieving autarky or something very close to it.

Some observations fit in with the consequences of this latter:

- Autarky is almost very precisely the main condition for achieving a world-empire, as distinct from a world-economy, as such. With autarky, the imperial center is no longer disciplined by the market, and it is this disciplining of the state and society by market values, efficiency, “all that is solid becom[ing]

air,” and so on – rather than questions of the distribution of property, as with socialists – that constituted objections to global capitalism from the right; fascists’ “anti-materialism.”

- The overall tendency for a world-empire, and the precise reason why liberals and the classes they represent have sought to prevent its emergence, is the consumption of the economic surplus on projects of state prestige, self-reproducing bureaucratic apparati and other nonproductive investments. This was, of course, precisely the appeal to the social groups most willing to vote for new radical rightist parties – those within the state sector or otherwise attached to the territorial state.
- How does this differ from the communists, who also sought to disembed states from markets? In that the communists were materialistic and democratic, not just as a matter of abstract philosophy, but as a matter of the dynamics of their social model. In the communist model, the working class, which seeks increased consumption, leisure time, productive capacity and so on, disciplines the party cadres who direct the state. In this way (which, though it deviated from state socialist practice in obvious ways, did not do so to the degree popularly imagined by liberals) Marxist socialism remained materialistic, with other features of society still subordinated in various ways to concerns of efficiency and (class concerns and property become obvious again here) “the mob.” On the new rightist model, a heroic elite direct the state towards collective glory.
- Did not the young Right (at least very often) exalt war, and did not military

competition discipline states/societies/economies to be efficient (and so on) in much the same way as economic competition? This is certainly true, but it appears to have been elided in their thought. Instead, war is conceived of playing a morally disciplinary role, with war and the threat of war forcing populations to maintain social cohesion collectively and heroic, masculine characters individually. War was, of course, also necessary for states who sought to bring territories into their sphere which would allow them to act as effective autarks.

- It is also clearer here, why, despite being ultra-nationalists, despite forever claiming that national loyalties were being abandoned by ideological polarization between left and right, when push came to shove radical fascist movements generally sided with their ideological compatriots – German occupiers – over their literal compatriots. In order to achieve their goals, they needed to act as a global movement with global ambitions.

2.4 Chapter conclusion

Having overviewed the main problems and theoretical tools, let us lay out the main narrative in theoretically informed terms. Up until the Great Depression, local elites in any given state-level polity had little option but than to remain within the constraints (though sometimes the wide constraints) offered by international liberalism. With the progressive breakdown of the institutions of this order between 1914 and 1929, political actors of all kinds, and most primarily these elites, “all the king’s horses and all the king’s men” had to decide whether to attempt to put

international liberalism together again (possibly in modified form) or to construct an, or several, alternative orders.

Whether they threw in their lot with one or the other depended upon their assessment of their own interests. When state interests leaned against the liberal international economy, and elites were heavily bound up with “their” national states, these elites turned towards an alliance with the far right in pursuit of the creation of illiberal, hermetically sealed world-empires that would protect them from rival interest groups. When other circumstances prevailed, elites proved more willing to cut a deal with organized labor and to move to the left, setting the basis for the policy compact that would prevail in most of the capitalist world for the next several decades.

State-level interests, in turn, depended upon their current position in the world-system and the position which they might acquire under an alternative order. Core countries with a strong export orientation and either little military power or an established and difficult-to-economically-expand empire were in as good a position as they could hope to be. States, especially those with primarily semiperipheral economies, whose potential imperial holdings were vastly outstripped their actual ones might potentially place themselves in a much better position were they allowed to do so. More peripheral states were in a more ambiguous position. And the degree to which elites were attached to states depended upon the degree of the mobility of their resources in turn. Those dependent on highly mobile forms of capital like finance and trade could afford to discipline governments through the threat of exit, and their daily experience tended to confer a cosmopolitan *forma mentis*. Those

representing less mobile forms of capital, for instance agriculture, were forced to discipline states through monopolizing voice, and their networks and experience tended to narrow the horizons of their consciousness.

Having laid out my main theoretical claims, it remains for me to substantiate them historically. The rest of this document attempts to do this. The following chapter, in particular, will attempt to set the contextual stage by telling the story of how the old order fell apart, and yet, though slowly and then rapidly slouching, the Beast had not reached Bethlehem yet. The chapters after that will focus upon the drama and decisions of the 1930s.

Chapter 3: the Prelude, 1860-1929

This chapter will examine the period leading up to the fateful decade of the 1930s. More specifically, it will examine its prehistory through two specific periods, 1860-1914, a period of apparent geopolitical stability but deep structural change, and 1918-1929, in which that order sputtered along from mortal wounds.

This first long, earlier period was one in which there was a coherent international economic and political system – a constellation of limited-franchise nation-states, multinational legacy empires, and formal colonies, with a small number of great powers balancing each other through blocking coalitions, and a trading system built upon gold convertibility, British-led low trade protections, and intense specialization. But this system was in the process of generating its own gravediggers – progressively larger forms of efficient economic organization, politically conscious ethnic groups, changing geographies of agricultural production, and new ideological doctrines which could undergird credible commitments to different policies.

Over the course of the 1920s, the political order would attempt to recover from collapse and re-establish itself on new foundations – universalizing the new democratic nation-state model, at least in theory – that were imagined to be a more stable future. These liberal dreams would ultimately culminate in the postwar order

– an American-led constellation of nation states governed by extensive multilateral treaties. In the wake of World War I and the Russian Revolution, however, middle classes in semiperipheral regions – southern Europe, central Europe, Japan, South America – were chary to support any sort of radical change, tending to hedge their bets with support for relatively liberal dictatorships.

I examine these periods to put the rest in context, and to negatively establish when fascist radicalism became operative at the level of state policy (that is, not until later.) Even Fascist Italy was, in all but rhetoric, just another liberal dictatorship. But at the same time, the crucial pieces needed to put fascist rule in place – the long-term organizational and ideological developments, the changes beneath the surface in international political economy – had been slowly emerging for some time. Thus, when we encounter the Great Depression in the next chapter, we will be in a better position to appreciate what was new and old about it, and to evaluate the extent to which the collapse of the international economy (as distinct from the earlier collapse and reformation of the system of states) changed the playing field.

3.1 The lead-up, 1860-1920 – how British liberal hegemony created its own gravediggers

Part of my claims concern the general nature of a capitalist social formation spread out over many territorial governance units, but others are more specific to the particular *kind* of international society and economy that had developed, and been put in crisis, by the interwar period. The period 1860-1914 involved

several important changes in the world economic and ideological system without which the preconditions of fascism, much less its particular form, would have been inconceivable.

In particular, the decades before the World Wars involved several crucial trends that made a populist, militarist, corporatist nationalism with broad middle class support a viable politics. These included the growth of national state capacities, the threat of an organized internationalist left consciously based among the urban working classes, trends of economic dislocation that (through changes in the scale of efficient production) hit the lower middle classes globally and (through expanding supply of agricultural production elsewhere) the traditional role of Central Europe as Western Europe's breadbasket, and changes in geopolitical organization and management that expanded the role played by formal imperialism.

3.1.1 Free trade and the gold standard

The period 1840-1913 has been written of as the "first globalization." (**davies05**) To the extent that it was so, it rested up on several new ideological, institutional, and technological foundations:

1. *ideological*, involving the commitment of many actors to the principle of free trade (albeit not involving all actors, and almost none who were committed to it absolutely), "Westphalian" sovereignty for "civilized nations," and a growing sense of liberal human rights;
2. *institutional*, including the gold standard and the unilateral adoption of free

trade by Great Britain; The adoption of a gold standard ¹ lowered transaction costs, though also led to a deflationary bias in economic conditions that encouraged speculative hoarding and that would hobble government attempts to regulate the economy when there was more political demand than ever. ²

3. *technological*, including the establishment of communication and transportation infrastructure; ³

The increasing volume of international trade also corresponded to a new distribution of the sources of trade. Technological advances in the production and transportation of food, which favored the plains-heavy settler states and Russia, lowered food prices worldwide and endangered European producers. (Gourevitch 1977, p. 281) This had the effect of leading to the “long depression,” which was not in fact associated with lower growth rates – much to the contrary – but with depressed factor prices in certain sectors, most notably agriculture, with its attendant

¹meaning, gold convertibility in international exchanges – not necessarily gold backing of assets, much less circulating gold currency

²Not for nothing would many middle-class protest movements, especially those connected with the agricultural petty bourgeoisie, identify monetary issues as the source of their misery; in great part because creditor/debtor interests intersected with sectoral urban/rural ones. Thus also why many socialist parties during this period, representing urban labor, were free traders.

³In the 1848 Communist Manifesto Marx would speak of “the world market [which] has given an immense development to commerce, to navigation, to communication by land,” and this would be followed by the laying of the first deep sea cables in 1850, the 1869 completion of the transcontinental railroad in North America and of the Suez canal, 1914 completion of the Panama Canal, and so on. Over the course of the century, transportation costs in Europe would be cut in five. (Berend 2013, p. 132)

distributional effects. (See [3.1.5](#) for more on this.)

3.1.2 The spread of nation-states as an organizational form and aspirational norm

In 1788, almost no states defined themselves as national states; by 1918, almost all did, and those which did not generally felt that they had to take on national colors in order to achieve legitimacy. The most important exception to this, the growth of formal imperialism since 1870, would sit awkwardly with nationalism – the existence of formal empire at once an outrage to the abstract principle of nationalism (insofar as anybody had articulated it) and a laurel wreath around any particular national project. As a man’s possession of slaves in classical antiquity was the precondition for his really existing as an individual, so possession of colonies came to be seen in the ideological imaginary as an important outward sign of the maturity of one people, inscribed in the subjugation of another.

The “national revolutions” arrived in several waves: 1776-1804, 1848 (abortive), 1859-1871, and 1914-1920. Between these waves there were often periods of the return of the old dynastic politics.

The 1860s witnessed the unleashing of several major wars of national consolidation – the United States, Italy, Germany, and Japan all were convulsed by wars that left the central government far stronger and with a clear mission statement of leading a national polity to great power status and economic growth. It was arguably these wars that paved the way for institutions of expanded national ca-

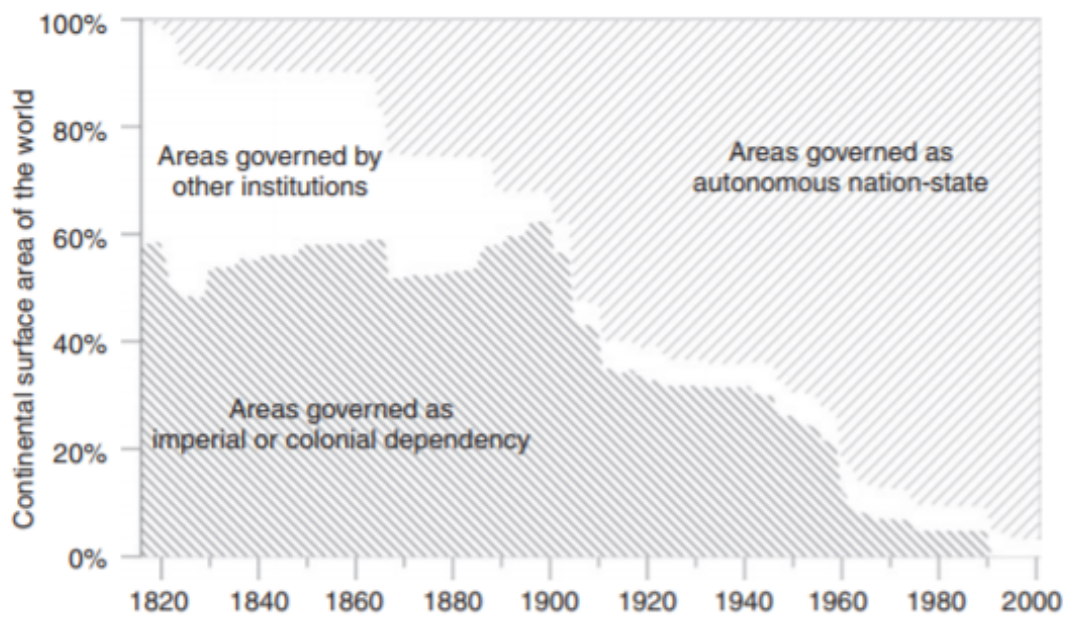


FIGURE 1.1 Empires, nation-states, and other types of polities, 1816–2001
Notes: states smaller than 25,000 km² are excluded; data are from [Chapter 4](#).

Figure 3.1: Rise of the nation-state (Wimmer (2013, p. 2))

capacity – mass transportation infrastructure,⁴ modern army and education systems – and hence plausible ideological visions of the transformation of society through the nation-state and along specifically nationalist lines. These national revolutions differed from each other in that while the United States Civil War was a traditional and “thick” bourgeois revolution, squarely directed against traditional landholders, the Japanese, German, and Italian national revolutions⁵ were based on a compromise with traditional landholders. In all of these settlements, a monarch with rather ambiguous powers was elevated on top of a “marriage of iron and rye” arranged by nationalist political entrepreneurs. By reconstituting themselves along these lines, these states largely avoided the fate that befell the great Eurasian dynastic collapse of the 1910s, and preserved the coherence of some of the traditional elites well past their expiry dates. These settlements, then, to a great extent, were the birth of the “semicore” of states too advanced to count among the legacy states and yet not quite advanced enough to count among the Western European “bloc” into which the Anglo settler states were able to enter.

3.1.2.1 Nationalization of elite institutions

A key element of the nationalization of politics and economics was their continuing reorganization along lines that were pillarized by nation-state, rather than by international classes. At the same time, however, this period witnessed the growth of international networks of the commercial classes. In other words, interna-

⁴see also 2

⁵One is tempted to say: first national revolutions.

tional church and aristocratic networks were being replaced by national commercial and bureaucratic networks and by international commercial networks. This broad phenomenon produced all kinds of contradictions of thought and of interest; most importantly, as the world of throne and altar passed away, a world of international liberalism and nationalism. As our theoretical section has predicted, these appealed to different fractions of the nascent bourgeoisie, but both became more salient as both become more powerful.

What form did the national side of this take?

1. the administrative switch to vernacular languages (a process mostly already completed by this time, to be sure)
2. the principle of meritocracy and careers open to talent
3. the declining fungibility of elite status (for instance, in the decline of aristocratic military adventurers)
4. the development of educational institutions designed largely for elite recruitment – necessarily, a compromise in some ways between the radically democratic potential of mass schooling and its embeddedness in class society

In Central Europe, where the use of German – a notably aristocratically-tinged language – provided the basis for an internationally fluid republic of letters in the first half of the nineteenth century, over the course of the second half of the nineteenth scientific institutions disintegrated into local “national” vernacular-employing institutions across the Habsburg empire. (Ash and Surman 2012, p. 1) The aristo-

cratic cast of *War and Peace*, we are reminded by the narrator, “spoke in that elaborately choice French, in which our forefathers not only spoke but thought[.]” (Tolstoy 2004, p. 1)

Party systems became national rather than regional; with regional heterogeneity within states dropping precipitously. (Caramani 2004, p. 75)

The decades before the first world war were also a critical boomtime for another industry – that of the cod-ancient “national traditions.” (Hobsbawm 1983, p. 263)

A key political component of the new period of invented tradition was an attempt to make nationalism safe for conservatism.

This was part and parcel of the necessity of conservatism’s (and through it, the traditional landed classes’) coming to peace with nationalism and the commercial classes.

3.1.3 The “second imperialism” and experimentation in *Großräume*

The period of “second imperialism” ushered in a new phase of explicit competition over territorial control between the major capitalist powers, and the introduction within each of them political proposals for a kind of vertically integrated autarky that would unite the whole core-periphery relationship within a single but non-universal political unit (Great Britain and its colonies, France and its colonies, Japan and its colonies, and so on.) These were as yet not the mainstream option, because the unquestioned greatest power, Britain, had interests (and concomitant ideological commitments) that aligned with global free trade, and was in a posi-

tion to mostly enforce it; for most actors in most places, moreover, the benefits of the global market were sufficient for their general loyalty (even as some states, for instance the United States of America, would make extensive strategic use of tariffs.)

The experience of colonialism also involved the development of scientific and bureaucratic techniques for the management of racially “inferior” populations.

The possession of colonies or dependencies was explicitly seen (see the section on “proletarian nationalism”) as a sign of a nation’s having reached maturity and equal standing among other nations. All of the future Axis powers arrive on the scene in a wave of national consolidation wars (see 3.1.2) and articulate fairly early on, among the new national elites, a perception that their reaching equality with the established imperial powers requires an imperialism of their own. These wars of “national consolidation” were frequently little different from outright imperialist projects, however, except insofar as they were more successful.⁶

3.1.4 Growth of labour as actor and as threat

During the last decades of the prewar period, labor union membership and militancy roughly doubled across most of the advanced capitalist world. Labor parties were formed in nearly every country in Europe between 1870 and 1913, outside the Anglo bubble coming to represent between a sixth and a third of the vote. (Cook and Paxton 1978, pp. 316, 319)

⁶Dickie (1999) provides interesting elaboration on the colonial metaphors applied to Southern Italy, for instance.

These parties introduced two kinds of existential threats to other classes: to the rural classes, they advanced the interests of the cities – a secular, pro-statist, and often pro-trade agenda; “unmoored from tradition” they were utterly contemptuous of the kinds of special relations of subordination that rural elites saw as the essence of culture itself. To their comrades in urban life, they represented a threat to wages in the form of unions, but to all owning classes, they explicitly threatened the principle of property itself. Although some labor movements were more intransigent on this point than others – which would often prove pivotal in determining the willingness of medium-sized farmers to cooperate with them – the basic fear of an aggressively statist, secularist, and expropriative regime raised terror in the minds of the world’s elites far before there had been any massacres in Russia.

3.1.5 Organized capitalism, the second industrial revolution, returns to scale, and implicit threats to small producers

The second industrial revolution entailed increases in return to scale through electrification, the assembly line, the expansion of consumer goods markets, (Chase 2005, p. 52-53) and the development of more favorable legal frameworks for joint-stock and limited-liability corporations. (Payne 1967, p. 520) The new-scale industrial enterprises, in turn, entailed new organizational forms to deal with the coordination problems of managing whole industries. (Chandler 1990) Synthetic replacement parts, resource efficiency, and increased agricultural productivity all increased the ability for larger states, or more particularly states exercising authority

over larger areas, to pursue autarky. (ten Brink 2014, p. 166, fn 201)

Although returns to scale are increasing over our whole period, it has different effects on industrial organization in fat times and lean. While engrossment characterized most of the period of the second industrial revolution, this was punctuated by periods of rationalization, none more so than the period of the early 1930s, in which smaller firms were especially threatened. (The boom-bust cycle can be understood as functioning in a two-phase operation of replacing less efficient firms with more efficient ones.) Much of the corporatist economic theory that emerges during the 1930s, and the mass social base among the petite bourgeoisie that comes to embrace it, must be understood in the context of such a period of rationalization; likewise, to a smaller extent, periods of low growth during the run-up to here – such as during the “Great Depression” of the 1870s, especially in central Europe – constitute periods of anxiety for the smaller independent producers and hence growth and excitement for right-wing radicalism.

Further, large fixed costs, which also entail returns to scale, also entail short-run irrationalities with ordinary supply and demand, since it can make it rational for a firm to operate at a loss. Alternatives to traditional liberalism increasingly looked to state management or to the organizational efforts of entrepreneurs themselves to displace market-mediated activity.

All sectors of the political spectrum – socialist left, conservative or nationalist right, and liberal center – will react to these organizational developments. For Marxist analysts, this hails the rise of a phase of “organized capitalism” in which bureaucratic planning is increasingly replacing markets as methods of coordinating

economic behavior; at the limit, it was imagined, the emerging monopolies would simply have to have legally socialized; in the meantime, it would fuel national competition. Liberals were more circumspect, likewise viewing trends towards engrossment as threatening the competitive capitalism they saw as compatible with a free society, while nevertheless often celebrating the creative achievements of the major captains of industry.

The attitude of rightists, as towards capitalism itself, was deeply ambivalent, but in general responded to the small proprietor's fear of forms of organization that threatened his autonomy. Thus, all of the institutional innovations which emerged to manage the new cyclopean economics – trusts, fractional reserve and universal banking, burgeoning state economic management – were regarded with suspicion, less seriously in the form of conspiracy theories and more seriously with consideration as to the role state action might have to play in preserving the traditional position of the independent property holder, or in offering him new opportunities.

3.1.6 *Geopolitik*: thinking on imperialism and space

A state's understanding of its own interests is mediated by the intellectuals who staff and advise its institutions, and while there is a long history of awareness of the effects of sea power and land power, there was an increasing awareness during this period as national power consolidated and spread that different kinds of national powers would have different interests than others. This, in turn, would influence the probability that states would act in the way that was prescribed by these theories,

and by my own.

Around the late nineteenth century, theorists of international relations became increasingly concerned with notions of what might be called geopolitical scarcity – a sense that, with Russia and the United States fated to an inevitable rise, and the colonizable frontier drying up, that the world could only have so many great powers – and that their state should do as best they could to be among them. (Kennedy 1987, pp. 195-196) Friedrich Ratzel, who had coined the term *Lebensraum*, saw political and economic units tending towards the continental – that, therefore, Europe would be threatened by an America and Asia that were becoming increasingly developed and united, and would have to unite under German political and economic leadership in order to keep pace. (Chiantera-Stutte 2008, pp. 189-190)

3.1.6.1 Thinking on the relationship between capital and imperialism

The development of thought regarding capitalism and imperialism is another way in which intellectuals came to mediate the relationship between perceived state interests and state behavior. Intellectuals on both the right and left came to be incredibly attuned to relationships between the nature of the international economy and the relative and absolute goods obtained by particular kinds of states, and theories along these themes helped orient various activist-intellectuals for and against open markets, interstate cooperation, and the annexation of particular territories.

Since the very beginnings of the international economy in the 1600s, one dominant strand of thinking viewed increasing economic interdependence as implying

increasingly pacific international relations. Trade, according to this view, would have both an important material effect – increasing the payoffs to both parties in the event of cooperation – as well as an important moral one – facilitating the interchange of ideas and the habits of peaceful interaction between different peoples.

However, coextensive with the “second imperialism” [3.1.3](#), geopolitical theorists of all persuasions had begun thinking about the more empirically ambiguous relationship between capital(ism) and national(ism). This included, in the first place, Marxists such as Hilferding and later Lenin, Luxembourge, and Bukharin, all of whom connected the interstate rivalry to the advent of an “organized” stage of monopoly capitalism. The liberal John Hobson saw purveyors of surplus capital, in periods of financial expansion, as especially keen to encourage the state to capture high-dividend investment opportunities. (Arrighi [1994](#), pp. 162-163) The conservative writer and Wilhelmine diplomatic veteran Kurt Reizler wrote of capital playing a “cosmopolitical,” internationalist role – taking up the task once played by religion in uniting the nations of the world – but also a “national” one, acknowledging that to a great degree “the modern struggle between nations is,” as he put rather elegantly, “a struggle between funds for opportunities to be put to work and yield higher interest.” (Osiander [2015](#), p. 63)

3.1.6.2 The topos of “Proletarian Nations”

The concept of “proletarian nations” in particular is also important if we are to understand how intellectuals constructed state interests in this period. By

explicitly thinking in terms of nations that were “civilized” against potential “barbarians” (that is, the colonial or colonizable world), but “have-nots” against the “plutocratic” countries that monopolized existing colonies, the concept of proletarian nationalism simultaneously brought forward the idea of a kind of pan-nationalist solidarity amongst semiperipheral countries (as well as technically economically core countries such as Germany that felt like the international system as rigged against them,) and wed it to a logic of class cooperation.

A further strand of thought concerning the relationship between interstate politics and the global market concerned the question of interstate exploitation. Although moral criticism of plunder and imperialism had always constituted an important theme in Western thought, the conceptions under the heading of “proletarian nationalism” constituted an objection not to colonialism and imperialism, but the unequal distribution of colonial and imperial markets *amongst* nations deserving it – civilized nations, white nations, developed nations, whatever criteria was most salient from the perspective, largely, of national capital. The development of the concept, then, marked in many respects the rising to “maturity” and political consciousness of the national sections of capital in the semiperipheral capitalist states, such as Italy and Japan. In addition to these, intellectuals in peripheral and semiperipheral states with a less plausible case for seizing colonies, such as in much of the Balkans and Latin America, began to articulate programmes of import substitution, constituting a more pacific and less imperialistic strand of proletarian nationalism that would later be taken up by many postcolonial center-left states.

The term “proletarian nations” was coined by right-wing Italian nationalist

Enrico Corradini, seeking to at once identify ways in which the new Italian nation-state could advance itself against others (perhaps by playing against the global market) and, towards the same end, to win Italian workers over from class loyalties to national ones.

Future 30s PM Prince Konoe wrote at the Great War's end in "Protestation against Anglo-American-centered pacifism," distinguishing between "nations desiring to keep the status quo (the haves of the world)" and "nations seeking to destroy the status quo (the have-nots of the world.)"⁷ Coming from the left – in parallel with developments in Italy – Takahashi Kamekichi propounded a theory of "petty imperialism" with proletarian-national overtones; Japan, for its supposed lack of monopoly capitalist character, lies among the proletarian nations of the world. (Morris-Suzuki 1989, pp. 81-82)

3.1.7 Zoological anthropology and the secularization of racial ideology

The role played by racist ideas, which enjoyed a rationalization and systematization in this period, is relevant in some of the same ways that the development of

⁷Kurosawa 2007, p. 36. Kurosawa cautions against reading Konoe's future policy too much into this statement, since he also appeared to believe at this time that these injustices might be rectified through a Wilsonian framework. In doing so, he was well within the mainstream of Japanese ruling class opinion. The transition from the 20s to the 30s would largely proceed from the changing evaluation of the international situation from nationalistic opportunists like Konoe the world over.

geostrategic ideas are, but not all. As with the geostrategic ideas, I view intellectuals as constructing expert knowledge which state and other institutions administer; these ideas then mediate between interests and behavior. However, because racist ideas were – to be blunt – false, they play a different role in my argument than the geostrategic ideas discussed above do. While not all geostrategic ideas were true, we can largely say that intellectuals played a role of orienting states towards something like their real interests. The role of racist ideas, by contrast, is largely obfuscatory. However, this does not mean they were merely irrational or strategically inert; racial principles formed an organizing part of politics, in line with some of the principles of ascriptive politics mentioned in [2.2.7](#).

Philosophical anthropology is not a subdiscipline to the field of anthropology (though anthropology in this sense certainly is involved in the production of philosophical anthropology in this sense) but the kind of answer given to the question – “what is humanity?” Aristotle gave probably the most famous answers to the question when he variously defined man as “rational animal” and “political animal;” and these three elements (an animal, capable of reason, living in a particular society) have formed, with different emphases, the philosophical anthropologies that have been offered by ideologues of all sorts in the modern world. Liberals emphasized the rational element, while conservatives the historical or social one – recall de Maistre’s mock inability to have ever met “man,” having only encountered Frenchmen, Englishmen, Germans, &c. Marxists and other radicals tended to emphasize both, with history understood as a series of progressive reworkings of the environment through intelligent exploitation of new circumstances.

Against all of these tendencies, there arose around the middle of the nineteenth century a new, biologically centered philosophical anthropology. It would be inaccurate to label this tendency, as it often has, as “social darwinism.” It is entirely true that Darwinism was immediately employed to advance ideas such as these, and that the research program of evolution by natural selection was colored by their popularity in turn. However, Darwin’s theories were invoked as proof positive of virtually *every* social conception, excepting those conservatives disturbed by its rejection of divine teleology. Obvious examples include Spencer (a liberal anti-imperialist with little room for theories founded on biological gradations within humanity,) who found in it proof that decentered selfish striving would lead to collective growth, to Marx and Engels, who fit it squarely within a dialectical materialist conception of nature’s continued self-transformation through struggle. Further, not all “zoological” conceptions were wedded to Darwinism, and could be explicitly opposed to it. The concept of “degeneration” appeared before Darwinism did, and while its notion of atavism does depend on some notion of evolution, which had been accepted for the better part of a century, it is antithetical to Darwinism proper.⁸ Darwinism (but

⁸That is, the notion that species had developed from one another had been clearly present in some form or another, and it was generally assumed that characterizing this as “progress” carved reality at its joints in some way – a human is an ape plus extra progress, for instance. Such conceptions of a hierarchical ordering of being of course predated even conceptions of biological evolution; and for millennia had dominated creationist theorizing about why God would create things as He did – it being frequently asserted that, for reasons of aesthetic completeness or something else, that He must or would “fill out the whole range” of things, from motes of dust at the bottom to archangels just below Himself. Darwinism shatters this “Great Chain of Being,” not by

not evolution) was actually at an ebb during much of the end of the nineteenth and beginning of the twentieth century, into which void neo-vitalist and neo-Lamarckian theories spread. Eugenicists generally did not neglect environmental factors – frequently believing, as they did, in the inheritance of acquired characteristics – but neither did this temper their confidence in the importance of improved breeding, and in the importance of biologically based human inequality, whether categorical or graduated. ⁹

preventing us from subjectively labeling whatever change we like (encephalization of primates, say) as progress, but by ruling it out as an ontologically basic feature of the world. Because the degree of progress is demoted to a secondary rather than primary quality of individuals or populations, it cannot directly affect or be affected by anything, and any mechanism of “degeneration” *per se* is strictly incoherent. Of course, it is possible to raise the substance of the fears of degeneration in strictly Darwinist language as it is almost any language (see fn. below) – to speak, as contemporary eugenicists do, of decreasing selective pressure leading to drift towards deleterious mutations, or of the selective pressure towards lower intelligence as more-educated women’s birthrate decreases. But the fact that such concerns were understood as “degeneration” implies their being conceived in a quite different framework. Such dysgenic outcomes are not “going down” in the same way that encephalizing apes are “going up.”

⁹It is easy for us to assume that, because the scientific racists of our own day are almost always relatively orthodox Darwinians (at least in the sense of rejecting vitalism, realist conceptions of species, and so on), and because these contemporary scientific racists like to rhetorically associate non-racists with Creationism, neo-Lamarckianism, and so on, that their antecedents at the height of their popularity must have made their arguments on much the same basis. Nothing could be further from the truth. Zoological anthropology fashions its weapons from whatever materials are at hand – here Biblical exegesis, here neo-vitalism, here gene-centered conceptions of natural selection.

Although the biological conception was neither at the center of the liberal, conservative, or Marxist anthropologies, it found itself increasingly deployed – most often, in the service of some ideologically inarticulate national state – to give voice to pressing problems of race, class, and gender.

3.1.8 Non-socialist critiques of capitalism

3.1.8.1 The traditional conservative critique

As capitalism developed, it was naturally critiqued from the left and from the right, and while the left critiques remained largely continuous (growing only in technical and theoretical sophistication) those from the right needed to change fundamentally. The masters of the traditional agrarian economy of Europe (and elsewhere) had launched powerful critiques of the growing industrial system from the counter-Reformation onwards, but the chances of salvaging the rural utopia continued to become more and more irrelevant. Those critiquing the market system from a non-egalitarian perspective would need to grow more creative, even as they continued to draw from agrarian traditions that drew upon images of an idealized middle ages.

It is largely this set of contradictions that dictated much of the apparent incoherence of fascist economic thought, although, as seen in [3.3.8.3](#), fascist economic thought was far from completely incoherent, even if it lacked the theoretical and technical sophistication of the analysis offered by socialists and liberals or ultimately (see [5.6](#)) underperformed relative to either.

3.1.8.2 *Rerum novarum* and the development of Catholic corporatism

Beginning at least in the 1830s, Catholic authors such as De Coux and Villeneuve-Bargemont began advancing a research program that attempted to deal with modern economic life, and its consequent “social question,” to reference to the magisterium of the Church. (Solari 2010, pp. 87-88)

Up through the 1880s Catholic corporatism was largely just a romanticized conception of the medieval fraternal associations, with no realistic program for their application to industrial society, the most developed of which was in La Tour du Pin. (Pollard 2017, p. 43) Even du Pin’s system left the fundamental question of the power of capital vs. labor off the table – the guilds had been self-organizing units, but du Pin’s system was ambiguous between letting employers and workers organize separately, or together, or something else. (*ibid.*, p. 43)

Rerum novarum, although embracing a centrist economic position, fell short of articulating a centrist “Third Way,” and Catholic corporatism went into recess until the First World War. Nor were there any major doctrinal developments on the social question at this time(*ibid.*, pp. 44-45) – though burgeoning Catholic parties often had to face difficult programmatic decisions.

In Latin America, too, “[by] 1914 the broad trend in Latin American religious history ws away from crisis to the pursuit of accommodations between the liberal state and the Catholic church.”(Abel 2008, p. 180)

3.1.9 Antisemitism as critique of Enlightenment universality

The conspiratorial image of world Jewry as infinitely crafty and capable is not socially neutral but functions as an explanation for the illegitimacy of certain zones of social action and the legitimacy of others. The Jew swindles in trade – therefore we may trust nationally-oriented industrial capital and despise only Jewish financial capital as exploiters. The Jew swindles in politics – therefore we may trust the purely national state (whatever form that might take) against the fraud of political parties and open democracy. The Jew swindles in culture – therefore we may trust the Church, or some other set of designated institutions, against rational argumentation and the filth of popular culture.

“But why,” we might ask, “Jews specifically?” The Jew stands outside the old Christian community and the new ethnic one, but is fully a member of the economic community, the community of national discourse, the legal community of the socially contractual state, and of humanity. His or her membership in the community is therefore the empirical differentia specifica dividing liberal and socialist approaches, which focus on voluntary communities and the universal one, from the illiberal rightist visions which base their understanding of society upon membership in groups which are both involuntary and partial.

In the form and function of these theories, nothing distinguished Antisemitism from earlier theories which had circulated regarding Masonry, and indeed Masonic-centered theories generally continued to circulate among Antisemitic circles (usually, to be sure, with the Freemasons demoted to the status of henchpersons.) However,

the Antisemitic mutation of the discourse offered two principle advantages which likely aided its overtaking the earlier, Masonic-centered version. First, it neatly slotted into biologically-centered theories of human society. Second, a plausible program of re-excluding Jews from society could be feasibly obtained while it would be impossible to provably effect the same with respect to less readily identifiable groups.¹⁰ (In addition to these, we can list the increasing political irrelevance of the Masons after the victory of the liberal revolutions in most places, and the consequent emancipation of Europe's Jewish population.)

3.1.10 Proto-fascism

The fascist *organizational* model – and, one might be tempted to say, affectual if not intellectual ideology – emerges from the milieu of late nineteenth century antisemitism. The Marquis de Morès opened up the industry in flamboyant style, dressing up with his followers in cowboy gear – an homage to his days in the American West – to batter French Jewry in the street. The Union of the Russian People, better known by the name of their paramilitary wing, the Black Hundreds, transformed existing traditions of Czarist-backed pogrom and scapegoating to the new organizational style, with auxiliary organizations, cod economic populism, and a degree of bureaucratic rationalization, though – as with later rightists in Japan –

¹⁰Obviously, in future circumstances in which the policies had been enacted, this nonfalsifiability would likely have become an advantage. Plausibly this could have become an issue for the long-term stability for any National Socialist state which had successfully overcome other, more pressing, military and economic problems which proved in fact to be insuperable.

they focused charismatic authority on the traditional monarch figure.

It is notable that so many of the early fascists combine organic nationalism and antisemitism with fierce monarchism, and belies common conceptions of the early Young Right activists as completely disconnected from their conservative and merely authoritarian peers.

3.2 The Great War

The Great War exists mostly as a parenthesis in this volume – mostly because it represents such a large topic. However, some of my theoretical pronouncements do have implications for how we think about the War, and visa-versa. In particular, a comparison between the First and Second World Wars is dispositive for some of the cruder versions of my thesis, and provides at least one reason for rejecting these cruder forms. Most obviously, there are important continuities between the two wars – featuring a German challenge to Anglp-American leadership – and strong discontinuities as well – the forms of social organization characteristic of the revisionist challengers. If my thesis makes a claim to an intimate relationship between the two, it cannot simply be that one implied the other. To be clear, then, I am not making a realist argument focused on the interests of states-as-principals, but an argument, drawing upon hegemonic realism, that views state interests as one form that class-fraction interests can take.

Among the conclusions to the Great War were also the October Revolution, which set the tenor for so much of political life throughout the interwar (and post-

war) period. Bourgeois (or otherwise non-communist) forces encountered communism on two planes – the domestic, in the shape of labor militancy, and the foreign, in the form of the Soviet Union – and in each case faced the dilemma of attempting to transform and incorporate them into the existing legal order or to destroy them physically. Although the response in one plane did not imply the response in the other – one could support rapprochement abroad alongside repression at home, or democracy at home and democratic crusade abroad – much of the difference between liberalism and fascism or proto-fascism in practice would amount to tactical considerations about which route to take. Wilsonian liberalism would rest upon an attempt to integrate the labor movement as a junior partner in a fundamentally liberal coalition and economic order; an interest group among others in a political order which had just recently become accustomed to thinking in terms of interest groups, while integrating the Soviet Union as a great power among others. The first wave of rightist authoritarianism would be established in an attempt to physically destroy domestic class militancy and the second wave would end in an attempt to destroy the Soviet Union. However, this was a tactical difference and as so was approached tactically by all parties, at least in action if not in rhetoric.

3.3 Bourgeois politics' violent return to normalcy, 1917-1929

If I had been an Italian, I should have been wholeheartedly with you [Fascists] from start to finish in your triumphant struggle against the bestial appetites and passions of Leninism. Winston Churchill, 1927 (Bauerkämper 2010, p. 43)

3.3.1 Regime formation and liberal dictatorship

The 1920s were dominated by what Charles Maier referred to as “the reconstruction of a conservative, ‘bourgeois’ equilibrium... achieved across the unparalleled violence, costs, and passions occasioned by World War I.” (Maier 1975 (2016), p. 580) How was this accomplished?

In the immediate settlement of the Great War, an international consensus shattered almost as soon as it was established: the only legitimate form of political organization was the democratic nation-state, “belonging to” and serving as the political expression of some particular ethnic group but providing individual liberties for all its citizens, most importantly an equal say in (representative) government and equal protection of (individually unequal) property rights.

These premises – liberalism, nationalism, democracy – were then, as they are today, in inherent tension. If we were in an idealistic frame of mind, we could call them liberty, fraternity, and equality, and line up each major ideology of the period – liberalism, fascism, and socialism – as an attempt to realize each principle free from the constraints of the others. Even if we are not, though, the ease of doing so make it clear that those tensions existed, and at least some of the stakes at play. Michael Mann has referred to fascism as the logical extension of our ordinary beliefs about “nation-statism,” and later in this document, I will attempt to explicate the way in which he is not entirely wrong.

Most obviously, where there was a plausible electoral bloc in favor of the nationalization of property or open rebellions in favor of the same, commitments to

democracy were abandoned in favor of protecting property rights where the one was seen as threatening the other. This was, however, a strictly defensive agenda – the defense of property rights was old, whereas the principles of democracy were new. It would wait until the 30s for noncommunists to set an active agenda. What defined the behavior of the new regimes emerging from “Eurasian shatter zone” stretching from the Rhine to the Pacific?

To start with, new dictatorships were formed in the aftermath of the Great War. One of these was the Soviet Union, a socially ambitious (to say the least) government of the left. But all of the others were of the right. In Hungary, the Whites won the civil war and Horthy declared himself admiral-regent of a country which now lacked coastlines or a monarch. In Italy, Mussolini’s Fascists were appointed by the establishment and, despite talking a big talk, governed in an establishment manner, and without any formal break from democracy until 1925. In Spain, Primo de Rivera led a military junta 1923-1930 – a rare example of a dictatorship disestablished between the wars. Marshal Piłsudski led another coup in Poland. The new Shōwa emperor in Japan strengthened the military establishment around himself at the expense of parliament, as did several Balkan monarchs.

Regime formation during this period was a reaction to the formation of new state borders (and sometimes, where local staffing had not produced subnationalisms, no one with the “right” ethnicity to staff the majority of the local bureaucracy ¹¹), the continuation of fighting even after the peace was declared, and labor

¹¹It should be said, though, that this problem was rarely insuperable, first because nationalist movements rarely arose without significant middle-class populations declaring their allegiance to

unrest in the wake of the Russian Revolution. Because the last effect could be met with both repression and accomodation, it could have ambiguous effects on its own, and in Latin America – which experienced it but not the first two factors – enjoyed “a brief but significant wave of democratization in the 1920s.” (Korzeniewicz 2000, p. 41)

What all of these cases had in common was that they were not, like the Soviet Union or like the regimes that would form in the 1930s, particularly ambitious. Dictatorships were created primarily with the aim of excluding the left, and therefore any threat to private property; open political pluralism on the right tended to remain. Nor were they particularly revisionist in a foreign policy sense: many irredenta were claimed, and much more rarely actually fought for, but a fundamental hostility to Anglo-American leadership did not seem to guide them — indeed, those who would later turn against it did so governed by structural necessity in many ways contrary to their will.¹²

Both the Old Right and Young Right cooperated to form most of these regimes, but it was the older generation who set the pace and terms of governance, with the younger activists serving as rowdy foot-soldiers whose discontent would grow clearer with time. The liberal international establishment, further, regarded nothing as more fortunate in a pinch (however much it might not be ideal) than a stalwart the new “nation” in question, and second because ethnic identity can be changed as a matter of political convenience.

¹²Among Horthy’s likely reasons for sacking Gómbós in 1936 was the latter’s intended geopolitical alignment towards Germany against the former’s towards England (Zeidler 2011, p. 133); Hitler’s own personal Anglophilia is, of course, well known.

anticommunist regime with little else on the agenda. The lack of social or geopolitical ambition allowed these regimes to unite virtually all the parties of property, which reduced the amount of coercion they would need to engage in as well the amount of international confrontation they would need to prosecute. This worked until it didn't, when the Great Depression brought the stability of the new system, and international capitalism more generally, into permanent doubt.

The degree of the “traditionality” of this series of dictatorships varied. Many, and not only the dictatorships, saw themselves as straightforward continuations of prebellum social orders. This was an especially popular self-conception among the conservative parties of rump states, for perhaps obvious reasons. Others had to present, but rarely do more than present, themselves as something more. The Primo de Rivera dictatorship in Spain attempted to appeal to the masses and construct a new authoritarian modernist ideal of Catholic Spanishness,(Quiroga 2007) and Mussolini, also stylistically forward-looking, claimed to be the model for de Rivera. (Bauerkämper 2010, p. 46) Another modernizing dictator, Kemal Atatürk, established a single state party in 1923 to operate in parallel with the existing state institutions (which were remarkably in continuity with their Ottoman antecedents.)(Zürcher 2004, pp. 99-103) This party, however, functioned more as a parliamentary clique during its first six years (1923-1929) than as any sort of vehicle for mobilization. (*ibid.*, p. 106)

Although the idea had already become popular among two groups whose ideological descendants would feature prominently later, a corporatist parliament featured in only two very short-lived constitutions of the period, the brief romantic

fascism of Carnaro and the only slightly briefer dictatorship of Sidónio Pais in Portugal. (Pasetti 2017, p. 63)

Lack of ambition in these regimes did not make all of their behavior continuous with prior conservative states. The coming to power of the Horthy regime, even a sympathetic account (Lorman 2006, p. 5) emphasizes, coincided with an orgy of antisemitic violence, discursive and literal.¹³ Such novelties (or rather resurgences) such as violent antisemitism were, however, justified not on the basis of the creation of a racial utopia but on the basis of an imagined “defensive” measure against revolution. The conservative status quo had always made recourse to such violence; the presence of the revolution “at its door” only made such recourse more necessary, and the sphere of things included in it – whether rationally so, like violence against leftist activists, or through irrational corollaries, like violence against Jews in general. “There was far more violence between 1917 and 1919 than later, and more was committed by the political right than the left. . . Rightist violence was not,” as some have claimed, “merely a response to leftist violence; it vastly exceeded it.” (Mann 2004, p. 59)

Indeed, the role of the “junior partners” in the coalition was limited to per-

¹³I employ the term “antisemitic” in preference to variations on the phrase “anti-Semitic,” “anti-Semitism,” and so on, on the grounds articulated by Beller (2007) that these latter terms carry with it the antisemitic idea that there was some ideology or force designatable as “Semitism” to which they were opposed outside the realm of their imagination. The capitalised form “Antisemitism” I reserve for situations where these attitudes form the basis of an elaborate and recognizable worldview, as opposed to the lowercase form, although in many cases either could justifiably be used.

forming paramilitary violence against the left, and their payment was typically in the pride they could feel at thereby preventing a communist revolution. The role of Mussolini's blackshirts in proving their worth in the *biennio rosso* is well known. Though moderate conservatives in Hungary like István Bethlen, Pál Teleki, and Kálmán Kánya “publicly disassociated themselves from the more unsavory activities of the radical officers, such as the 'White Terror' or paramilitary operations in the regions of western Hungary assigned by the peace treaty to Austria, they, in fact, viewed them as 'necessary evils' in the process of reconstruction.” (Sakmyster 1975, p. 21) As with many trends, this extended beyond the new dictatorships. German *Freikorps*, almost all of whom despised the new democratic state even if not all had moved beyond monarchism at this point, rose to defend it against threats from the left. Even in liberal democratic Britain itself, the likelihood of relying upon domestic fascist support (meagre as it might have been) was discussed in earnest in government circles in the event of dramatic strike actions. (Maguire 2005)

In the typical Central European state, radical right activists were generally free to spread their ideas, even when they were not (as in Italy) in formal power themselves. In Hungary the socialists were not even formally outlawed – simply forbidden from organizing in the public sector or countryside – but the usual devices of the nineteenth century liberalism, with open balloting, government management of elections, and so on. (Morgan 2003, p. 39) “Horthy himself was essentially a conservative wobbling rightward with the times. . . . During the 1920s he and Prime Minister Bethlen professed their desire to move toward western democracy – lamenting only that the country was not yet ready for it.” (Mann 2004, p. 241)

Japanese elites were united around a vision whereby criticism of the emperor or private property would be severely constrained and legally punishable, but normal parliamentary methods would prevail in settling disputes within that consensus. (Gordon 1991, p. 142)

3.3.2 Fascism as parafascism: Italy

Perhaps the best case to illustrate the nature of the alliance between old and young right was the closest one to the dominance of the latter: Italy. Although the regime went through several phases of radicalization – in 1925, the early 1930s, 1936, and 1943 – its progression prior to the Great Depression more reflected the limitations of politics in that period than the aesthetic penchant of its Fascist activists. Although Mussolini and the Italian Fascist Party loudly proclaimed their novelty and radicalism, their anticommunist alliance with the traditional ruling classes of Italy – though renegotiated several times – constrained their ability to rule as anything other than a traditional dictatorship until the Great Depression. Mussolini himself, a perpetual improviser and opportunist, was happy to accommodate this. Many intellectuals and front-liners in the PNF had quite sincere “totalitarian” aspirations for society if anyone did. But what power they had was mostly at the suffrance of the ruling elites – those who owned the property, knew the people, and staffed the old state institutions – and Mussolini himself, who was also a consummate micromanager and “strong dictator.” ¹⁴

¹⁴“Strong dictator” and, elsewhere in the document, “weak dictator,” I mean in the sense used by Hans Mommsen and a number of other political historians – referring to the concentration of

As in other semiperipheral countries, heavy industry operated as the first ally of imperialism. From the nineteenth century, “Chambers of Commerce... showed themselves to be increasingly in favor of state intervention in the economy, especially in towns where industrial centers had grown up, demanding that contracts to provide the weapons and ships needed” be provided them as well as achieving “a revision of trade and navigation treaties with foreign powers,” and it was not until the nationalist movement arose that these would find a “political [that is, coherent ideological] counterpart” (Rosa 2004, p. 173) to their heretofore unprogrammatically preferences. Heavy industry would form the basis of early support for the Italian Nationalist Association, (Fonzo 2016) a key player in the rightist milieu leading up to fascism. Leading up to the March on Rome, both the squadristi’s choice of targets (good) and methods (too wild) – along with an inadequate response by the Giolittian government to contain strikes – had convinced many in the state (and certainly agricultural capital) that the Fascists would be better inside the state than outside. (Capoccia 2005, p. 190) Once in power, an aggressively orthodox right-liberal program was introduced, with the state withdrawing from economic management and selling state assets. (Bel 2011)

After the Matteoti crisis, both “syndicalists and Nationalists sat on the com-
administrative power in the person of the dictator himself. This should be understood as orthogonal to the coercive (much less infrastructural) capacity of the state, or the limitations placed upon the state by law. Hitler, who head as the cultic head of Nazis and as unchallenged leader of a “prerogative state” theorized as the mere expression of his will, was a nevertheless a “weak dictator” insofar as he delegated authority to a degree that the state was effectively infeudated.

mittees that studied institutional reforms,” but the content of the reforms themselves largely reflected the aspirations (and fears) of the most conservative nationalists. The syndicalists got party oversight and concentration over the major labor unions, and state commitment to, at least in theory, presenting their economic demands; the state bureaucracy, though, “managed to protect the state bureaucracy from party control, expand the power of the prefects, curb what remained of the Fascist squads, and reaffirm the principle of orderly change from above.” (Sarti 1990, pp. 24-25) The role played by Rossoni’s concentrated labor front would be further reduced after his ouster and the consequent dismemberment (“*sbloccamento*”) of corporate labor. Even though its expansion of the role of the state concerned conservatives like Federzoni and Rocco, corporatist labor mediation in practice that while workers’ associations were represented by Party officials, capital could continue to independently represent itself through such pre-existing networks as Confindustria. (Blinkhorn 1994, p. 31)

Even the corporatist reforms which the regime did take were not necessarily a break; schemes for occupational and other forms of corporate representation had been proposed in Italy from the beginning of the century and “generally did not intend to subvert the liberal order, but rather to stabilize it.” (Cerasi 2017, p. 106)

The regime’s embrace of economic orthodoxy did not leave with De Stefani, and indeed policies most reflected orthodox assumptions substantively when they were most flamboyant stylistically, such as the “battle for the Lira,” a campaign to increase the value of the currency that nevertheless won support from heavy industry on industrial consolidation grounds. (Sarti 1970)

3.3.3 Pillarized democracy: Austria

Because we will be discussing it later, especially as a comparison for Reich Germany and Czechoslovakia, Austria also deserves some special consideration. Austria represented a state where the conditional democratic commitments and cross-class nature of Catholic politics in the 1920s carried its democracy forward until these conditions no longer applied. As in Italy, center-right elites were in charge, but unlike Italy, operated under democratic constraints. It also represents a state that, in its purely *domestic* conditions, endured a significant degree of turmoil, but where such democratic conditions weathered the storm until the *international* conditions were right for different forms of experimentation in politics.

The First Austrian Republic was an economically beleaguered state “without a national identity,” a “state that no one wanted.” (Matis 2000, p. 232) Like Japan, it experienced troubles in the 1920s that presaged many of those that would be common in the 1930s, albeit (like with Japan) not to the same degree.

Independent Austria was unusually dependent on foreign credit, (Berger 2003, p. 73) finding itself almost immediately beset by hyperinflation, concomittant austerity programs, and then a series of bank collapses; the comparatively good latter half of the 1920s “still suffered from structural weaknesses, a chronic trade deficit, and a high unemployment rate.” (Senft 2003, p. 33) The legacy of hyperinflation would mark both the League of Nations’ and many Austrian elite’s preference for harsh austerity measures. (Berger 2003, p. 78)

In the realm of social and partisan cleavages, Austria experienced a process

of pillarization from the late 19th century, leading to the situation described (or asserted) by the *Lager* thesis – three hermetic social worlds for Catholic, nationalist, and socialist Austrians. (Botz 2014, p. 122) The Catholic camp made up an alliance of the rural population of all classes along with industrialists, alongside a few workers heavily embedded within Catholic *milieu* politics. (*ibid.*, p. 123) The socialist camp, as everywhere, self-consciously drew from urban workers. A third camp – “made up,” as they were “of state bureaucrats, civil servants, private-sector employees, liberal professionals and mid-sized farmers,” tended towards extreme nationalism but not yet necessarily fascism. (*ibid.*, p. 123) (We should note that this constituency thus described was identical with the rough fascist demographic contours identified in 3.3.8.1.)

Although initially quite important in crushing leftist uprisings, fascist militia declined in importance over the course of the 1920s. (*ibid.*, p. 127) Unlike Germany proper, corporatist proposals were prevalent and many sectors – particularly agricultural and natural resource extraction – lobbied in favor of them. These, however, would not be realized until afterwards. “Functionaries of organized agricultural and forestry interests argued strongly in favour of agrarian corporatism, and from the 1920s on many industrialists voiced their preference for some kind of crisis government that would roll back the inroads labour organizations and democracy had made into their territory.” (*ibid.*, p. 135)

3.3.4 Fascists in the Anglo world: alternatives to liberal imperialism

In the “Anglo” world, as elsewhere, those activists who emulated fascist ideas – often, as in the case of Mosely’s, taking up the name itself – considered themselves opposed to liberal imperialism. In England and America, the primary beneficiaries of such liberal imperialism, this was notably unsuccessful – as one might imagine. This did not mean that they did not attempt to explicate an account of why their alternatives would actually be in the benefit of state interests.

Britain after the first world war was hardly immune to the sense of a “mutilated victory,” as Ireland had recently gained more independence and the status of India was clearly looking shaky. “The 1921 Anglo-Irish Treaty was also greeted with dismay” on the right, prompting fears of a “domino effect” which would “set a dangerous precedent for like-minded independence movements within the Empire.” (Linehan 2000, p. 39)

A wave of scattershot groups formed on the right of British politics in response to typical fascist fears such as territorial loss (such as the British Empire Union), labor unrest (such as the Economic League), international Jewish conspiracies (such as The Britons), and others. (*ibid.*)

Far-right ideology in Britain in the 20s, then, displayed most of the key features of its appearance in most places at the time – a marginal movement that nevertheless the fears and desires of a not-insignificant part of the population. If anything, what marked it apart from both foreign fascisms and from British fascism in the 1930s is that it was what fascism has frequently been labelled as – a set of

inarticulate impulses more than an ideology. The “supply” of those impulses was not notably greater or lesser than elsewhere. The difference that mattered for now was there was that, outside of a few examples of union-busting, there was comparatively less “demand” for their services. The British state, in contrast with those of the Eurasian dynastic wreckage, had little need to secure their borders beyond Northern Ireland (where rough paramilitary groups such as the Black and Tans *did* acquire a permanent impact on the culture) nor to defend a young state against communist insurrections. Fascism in England in this period was less a virus facing a culturally vaccinated population – indeed, mainstream conservative politicians would remain sympathetic to Continental fascism through the late 30s – than a firm offering wares no one had much need for.

3.3.5 Nation-building in Central Europe

For most of the new states in Central Europe, adhering to some combination of democracy, nationalism, and liberalism was a genuine aspiration on the part of a large part of their new political elites. Though both categories of new state were largely formed in the same two decades, had “normalized” nation-state aspirations, and would later be drawn inexorably into the orbit of the National Socialist *Großraum*, several important differences existed between the Balkan states and those to their north created in the wake of the Great War. In terms of broader social history, the

Balkan societies are rightly called ‘incomplete societies’; that is to say

in these countries the long (sometimes five-century) Turkish rule created societies which lacked a ruling elite or a modern middle class. Until the Turks were driven out of the Balkan countries, an almost entirely peasant population stood in opposition to a ruling Turkish elite. Following the late formation of the independent nation-states, middle classes and a new, independent ruling elite started to come into existence. The minor bourgeois elements naturally played some role in this, but basically the military/political elite which had taken part in the fight for independence, and the elite involved in the developing new state administration, became the determining factors of the process. (Berend 1986, p. 14)

This peripheral development, with its characteristically flat class structure, leadership consisting of soldiers and nationalist intellectuals, and unclear borders in the wake of imperial withdrawal resembled nothing so much as African social developments in the latter half of the twentieth century. It contrasts with the development of the former Habsburg empire, which had been labelled so many times the “prison-house of nations” but could really be more accurately called the green-house of them. National identities, and national local elites forming distinctly identifying urban bourgeoisies, which formed “national” politics and bureaucracies prior to their existence as states. These existed alongside an aristocratic class that had preferential access to state bureaucracies and particular monopolization over high-political realms like upper diplomatic and military leadership, as well as control over partially marketized property like agricultural production. (By contrast, it was

characteristic of the core capitalist countries that urban manufacturing had enabled the dominance of newer bourgeois forces as the dominant actor, even if in some cases as in England an aristocracy linked to finance capital would continue to wield particular influence over high politics, and comittitant urban workers as the primary pole of oppositon to them.)

Kopstein and Wittenberg argue that class-based models of regime formation are inapporpriate for interwar Eastern Europe and other locations in which the primary political cleavages are ethnic rather than class-based. (Kopstein and Wittenberg 2010) This strikes me as a deep exaggeration, because the politics of class were important in other ways, but it is important to note that outside of the communist parties, which frequently found themselves officially banned, the primary political cleavages which emerged were not the traditional Stein-Rokkanian ones (church-state, center-periphery, worker-owner, urban-rural) but typically ethnic in nature – a statement that should be qualified by noting that sometimes ethnicity frequently emerged as a proxy for different variables (distinct regional interests being the most obvious) and could also simply split up formal parties which differed on more traditional lines (as in the existenc of Croat and Slovenian socialist parties, and so on.) Regardless, however, almost all featured political projects to ensure that the new “titular” ethnic group was able to advance a politics of bureaucratic monopolization and land reform. ¹⁵

Often the beleagured minorities were the original ruling class. In the new northern countries alone, “Irish Protestants, Swede-Finns, Baltic Germans, Ger-

¹⁵Significantly, this applied to the new Soviet republics as well.

mans in Czechoslovakia and Germans and Poles in Lithuania now found themselves virtually impotent in territories whose economic, cultural, and political life they had dominated.”(Coakley 1986, p. 188) In many of the new countries, Jews formed a market-dominant minority who took up a highly disproportionate amount of private capitalist firm leadership and in academe (though not the old or new (outside of the Soviet Union) state bureaucracies.) In other cases, market-dominant minorities spoke a language or claimed a culture that formed part of the ideological basis of nationalism in an adjacent territory, forming the basis for complex patterns of nationalist interaction. (such as examined in Brubaker 1996) In either case, group differences formed a possible Schelling point around which selective expropriation could be based, as examined in 2.2.7.

3.3.6 The class and ethnic content of land reform

Land reform was pursued in much of Central Europe – a response to several important political changes. These involved an offensive move against foreign aristocracies, who were no longer in the political drivers’ seat, a corresponding (and in many respects indistinguishable) move against non-”national” ethnic groups, which were not always aristocrats, and a defensive move against communism. These were carried out by a number of parties but in most cases straightforwardly represented the agenda of the peasants’ parties that were formed after, or in some cases not too long before, the end of the First World War.

In many contexts, we can speak of a class of absentee landlords; in some fur-

ther contexts, we can also speak of a class of landlords who were present for some time and had not been formally absentee, but who were not “nationally” appropriate and therefore could be expropriated without alarming nationally appropriate property owners (for reasons outlined in our theoretical section.) This was most prominently the case for the Baltic Germans, and this case is also one of the most obvious instances in which the victims’ having a state elsewhere that claimed to be a protector of that ethnic group could allow for irredentist claims, pursued both by the people in question (adopting radical positions) and by the far-away state itself – mutually reinforcing nationalisms that Rogers Brubaker refers to as “nationalizing nationalism,” “external homeland nationalism,” and “national minority nationalism.”¹⁶

¹⁶Brubaker 1996, pp. 5-6: nationalizing nationalisms “involve claims made in the name of a ‘core nation’ or nationality, defined in ethnocultural terms, and sharply distinguished from the citizenry as a whole. The core nation is understood as the legitimate ‘owner’ of the state... Despite having ‘its own’ state, however, the core nation is conceived as being in a weak cultural, economic, or demographic position” justifying” the ‘remedial’ or ‘compensatory’ project of using state power to promote the... interests of the core nation.” In reaction “homeland nationalisms assert states’... obligation... to... protect the interests of ‘their’ ethnonational kin in other states. Such claims are typically made when the ethnonational kin in question are seen as threatened by the nationalizing (and thereby, from the point of view of the ethnonational kin, de-nationalizing) policies and practices of the state in which they live. Homeland nationalisms thus arise in direct opposition to and in dynamic interaction with nationalizing nationalisms.” And in this situation opens the basis for claims made on the basis of national minority rights, which “characteristically involve a self-understanding in specifically ‘national’ rather than ‘ethnic’ terms, a demand for state recognition of their distinct ethnocultural nationality, and the assertion of certain collective, nationality-based

In fact, in looking at the effects of this kind of land reform, we must also look at not just the instances that occurred but the instances that *might* occur. The fear of this is present in the minds of the radical nationalists who tended to crop up in border regions of all kinds where claims had been advanced but not achieved by some ethnic group. (Mann 2004, p. 27, 359) Formerly dominant groups, especially, such as the Germans in many places, had a great deal to fear, as did those who were especially subordinate (though in this case they generally did not have an external state to appeal to.) We can see in the “Sudenten” Germans and in minority ethnic groups in many contexts the appeal of the fascist destruction of multistate projects they saw as unamentable to them. Further yet, the expectation that non-national groups could be appealed to on such irredentist lines, or could otherwise be drawn to nationalist radicalism, itself made them suspect. This resulted in an “ethnic security dilemma” in many contexts cite for this term that was only held in check – or held to the mere level of property distribution – by the external liberal leviathan.

It should also be said that ethno-nationalist land reform did not necessarily have to extend further than the expropriation of foreign aristocrats’ land and its distribution to the “titular” ethnic group – that is, the the favored ethnic group could be granted concessions which other resident non-aristocratic ethnies were denied without the non-aristocratic, non-national ethnic groups having their own property expropriated. (However, we might still say that they might have looked upon the matter with concern, since they were specifically excluded from the distribution and the precedent of non-national groups’ property being expropriable had been

cultural or political rights.

established.) Much of the same applies additionally to the case of civil service reform, in which an expanded civil service would be combined with the preferential hiring of nationally appropriate cadres, and (more aggressively) the adoption of *numerus clausus* rules for the exclusion of Jews from universities (which, especially at first, need not extend further than the capping of them at a nationally representative sample.) These trends – the fact that landed property and property in the civil service were the kind of claims most likely to be reapportioned on an ethnic basis – go a long way towards explaining the appeal of nationalism to nationally appropriate groups in the landed and state sectors, especially among the young and unsuccessful (but not proletarianized).¹⁷

The most radical land reform policies were all pursued in the Central European shatter zone, where the existence of the Soviet Union made support for a domestic communist revolution – or domestic support for a Soviet invasion – a real concern. The support of expropriated Ukrainians in Poland, or of landless peasants more generally where collectivized agriculture was not to be pursued, illustrates the reasonableness of this fear. These concerns were probably determinate in the willingness of the Finnish state, which was dominated by rightists and by and large did not

¹⁷Indeed, some of the same trends occurred in a context where the fear of communism, and of radical nationalism, was in some way moot – the context of the Soviet civil service reforms, which frequently involved promoting the “titular” minorities in any given area. The fact that this was seen as necessary by many people involved to make good on promises regarding the full equality of the nations and that the Soviet Union not be seen as an agent of Russian or Jewish domination meant that we should not lay too heavy an emphasis on anticommunism or radical nationalism as reasons behind this.

have a foreign aristocracy to expropriate (despite their tendency to speak Swedish as fashionable) to pursue land reform.¹⁸

In each of the Baltic states, likewise, land reform undercut an initially popular social democratic base by creating a class of small settler farmers who would politically clash with established estate owners but were in general loyal to property. (Kasekamp 2000, pp. 141-142)

3.3.7 Liberal imperialism: wherein the center holds (despite the best lacking all conviction)

The new politics of liberal imperialism - which were not quite revisionist liberalism as I have been outlining the term - were driven by the need to restore the liberal dominance of the last fifty years while resolving at least two principal difficulties that had arisen to make it difficult.

The first was the collapse of the balance of power system and the apparent contradiction between hegemonic monopolization as a condition for peace between states and the ideological liberal project of expanding state sovereignty and recognition. (Arrighi (1994) has aptly characterized the actual trendline of this as expanding membership in the system of states while constricting state action within that system.)

The second principal difficulty was that this kind of liberal reorganization of

¹⁸We may, if we like, treat this as the first instance of “Finlandization,” and experience also showed this to be reasonable, since they fought not only a civil war but would fight the Winter War later, and domestic support for the reds had weakened between the first and the second.

the world was taken on precisely at the time that both the falling (British) and rising (American) hegemons were least willing to accept it. This resulted both from the vagaries of particular domestic alliances as well as the general patterns governing hegemonic transitions.

What were the constituencies of this new liberal project? Theoretically, we would predict that they would be concentrated in the areas of high-mobility capital. And in fact, even while the US state was most reluctant to provide global leadership – due in part to the reigning coalition of nationally-oriented capital (Narizny 2003) – those fractions of the American bourgeoisie most interested in international cooperation had enough largesse to finance independent diplomatic efforts, most prominently from the Rockefeller and Carnegie foundations. (Rietzler 2011) These American NGOs included “academic associations, for example the American Library Association or the American Council of Learned Societies, but most importantly a number of privately-funded philanthropic foundations, notably the Carnegie Endowment for International Peace, the Rockefeller Foundation, the Laura Spelman Rockefeller Memorial and the Carnegie Corporation,” leading to a distinctly privately-led kind of cultural diplomacy different from the European model of *Kulturpolitik*. (*ibid.*, pp. 149-150)

According to Daniel Gorman (2012), internationalism “came of age” in the 1920s, with a proliferation of international civil society organizations focused on issues ranging from classical political and economic concerns to religious ecumenism to sport.

3.3.7.1 Liberal labor unions and the pre-corporatist willingness to abandon radicalism on wages

Additionally, certain fractions of labor were drawn into the liberal orbit. **leubbert87** attributes these to their historical development under liberal coalitions, Berman (1998) to ideational differences in different national traditions, and Cope (2012) to axial position itself. The social liberal compact was based on a non-coercive and negotiated disciplining of labor unions, in which they agreed not to seize the social surplus through excessively fast (from a capitalist perspective) wage increases or socialization of the means of production, and in exchange received – within those bounds – political and organizational freedom as well as the guarantee of steady wage increases over time.

3.3.7.2 Liberal means

Although liberal intellectuals proposed a number of innovations, actually existing liberalism functioned through a few methods. First, there was the restoration of the gold standard, which constrained the fiscal policy of independent states. Second, there were debt payments in a constant state of renegotiation, often explicitly tied to an absence of remilitarization. It is, of course, true that, at the margin, the politics of debt were more frequently an instrument of realpolitik than principled liberalism.

In addition to these financial methods of control, this was also a period of

flourishing agreements for economic and demilitary cooperation, and for civil society. However, by far the most important ammunition in the liberal magazine was that apart from the ideological fascists we discussed, almost no one wanted to open the gates of Janus again. The domestic constituencies of liberalism were bolstered by common expectations that initiating a general conflagration would burn virtually all parties, both through the physical destruction of warfare and through the probability of social revolution at home. Ironically, the American bourgeoisie, in its lack of exposure to or experience with either sort of risk, was among the least active in its internationalism for this reason – even though its economic incentives were to uphold internationalism, and its behavior would follow this whenever it was economically active on the world stage. ¹⁹

3.3.7.3 Liberal proposals

Coudenhove-Kalergi's "Pan-European Union was one among a flood of initiatives for political economic, and cultural integration in the early 1920s," but was also the most successful. His plan involved conferences on territorial disputes progressing towards binding arbitration, progressing in turn towards a collective air force to enforce it. (Sorrels 2016, pp. 173-175)

Collective-security proposals in general occupied a forefront place in the mind

¹⁹It is certainly true that American northeastern manufacturing was among the most successful protectionist projects of the late nineteenth century. However, by this time its success had meant that it had acquired a significant degree of comparative advantage, and had an interest in free trade when it pursued interests at all.

of the more serious liberal reformers, who realized that nationalism represented a deep challenge to peace, but also that some kind of collective body would be necessary to dissuade them from pursuing national rivalries through force. (Egerton 1983, pp. 502-503)

3.3.7.4 America: the sleeping giant

America was perceived as a threat by conservative European elites in several specific ways.

First, American economic dynamism, fueled at least in part by the size of its domestic markets, gave it an outsize power which Europe would not be able to match without commensurate modernization and consolidation.

Second, America had finally turned its gaze, however fleetingly, towards the Old World. While traditional American diplomacy had staked out a clear sphere of power – what Schmitt would term a *Großraum* – in the Western hemisphere, the "Wilsonian moment" entailed massive intervention. For now, the giant slept, as advocates of isolationism kept America out of the League of Nations and international affairs more generally. The "isolationist" characterization has been criticized, but the reputation is enough to get the period 1918-1941 referred to as "the golden age of American diplomatic and military complacency." (Rhodes 2001)

Third, where America threatened to intervene, it was clearly aligned with a vision of liberal internationalism. In both the imaginaries of European nationalists and internationalists, the growing web of international organizations reflected a

new form of politics that was foreign to the great power politics of the traditional European great powers, and benefitted from the injection of American influence.

”The internationalism of the 1920s and 1930s was a sort of internationalism 0.5. That is, it was essentially a private internationalism of banks and commercial firms that struggled during these decades to cooperate to manage the impacts of a contracting world economy. There was also a revival of legal internationalism manifest in the Kellogg-Briand Pact, which sought to return to the early nineteenth-century uses of arbitration treaties to settle international disputes.¹⁶ This multilateral treaty, which gave governments an opportunity to renounce war against other treaty members - except in self-defense or other circumstances - was even less of a formal security pact than the League of Nation” (Ikenberry 2009, p. 76)

3.3.7.5 Liberal geopolitical thought – capitalism, the state system, and peace

The intellectuals whose writings dominated geopolitical thought in the inter-war period were largely those who had dominated it before then, although continuity in voices did not necessarily imply continuity in themes. (Ashworth 2014, pp. 137-138) For both writers on the right and left, broadly construed, the ambivalent relationship between the now clearly unleashed forces of interstate competition and the international market became a pressing question. One geopolitician attempting to grapple with the consequences of such unleashed forces was the American Halford Mackinder. For Mackinder, strict realist considerations and an emphasis

on technical training had produced the kind of statesmen, especially in Germany, who would initiate a conflict such as the Great War in order to achieve geostrategic advantage, while broad humanistic education typified the statesmen of the democratic polities. A mix of both kinds of training – alongside their corollaries, an attentiveness to both technical determinants of state interests and the interests of capitalist civilization as a whole – might, in his view, work alongside increasingly formal international organization not to eliminate interstate conflict, but absorb it into a framework in which most conflicts were negotiable. The increasing destructiveness capacity of states might also well raise the costs to their conflict, raising the likelihood of their being willing to cooperate. (Ashworth 2014, p. 143) Isaiah Bowman, another American, focused on the relation between interstate conflict and the global market more explicitly. Capitalism required the regular flow of resources around the globe, which general wars had acquired the ability to disrupt. This, in turn, fueled the willingness of states to turn to formal relationships of imperialism to ensure that their own supplies would be ensured, but this fueled into rivalries that could make war more likely.²⁰ Again, greater international organization and cooperation would be required to “walk everyone down” from costly conflict and ensure that the metropole as a whole had access to the resources needed for continuous capital expansion. (*ibid.*, pp. 144-146)

Although support for the League was strongest among the center-left, the established elite of the “old” diplomacy had been its principal architects. (*ibid.*, p. 148) From the League’s existence, it would epitomize a contradiction common to

²⁰We shall examine in the next chapter how this process accelerated in the decade after this.

many state-building projects from an earlier era – largely created by established statal-aristocratic classes in order to create social and literal peace, it would sprout forth bureaucratic tentacles which served to be staffed by men and women of a very different class and ideological makeup.

In the eyes of these conservatives, such as Robert Cecil, the League would be an extension of existing diplomacy between great powers, helping to formalize the process of their coming to mutually beneficial negotiation. (Ashworth 2014, p. 149)

For establishment liberals like Keynes and many of the American theorists, the League would function as a guarantor of the kind of free trade that had prevailed only accidentally in an era of anarchy between sovereign states. Since free trade would encourage peace and the absence of general war was necessary for the preservation of trade, restrictions on state autonomy could be in the interests of the great majority of states and their properties supporters. This, the core element of liberal thinking on international relations ever since, was fatally flawed only in that it tended to overestimate the natural constituency for this kind of pie-expansion. At the same time as he supported the idea of the League, Keynes has much to criticize in its implementation: the “Wilsonian dogma, which exalts and dignifies the divisions of race and nationality above the bonds of trade and culture” was not what struck him as the product of a properly principled liberal internationalism, and it was a paradox and tragedy that the “first experiment in international government should exert its influence in the direction of intensifying nationalism.” (ibid., p. 155)

Ashworth also identifies a group of thinkers associated with the left wing of the British Labour Party – a “liberal socialist” tradition – who saw collective in-

ternational governance as compatible with their vision of peaceably achieved social democracy. Their vision of collective security revolved around the claims that the League as it currently existed was not prepared to provide it, that in order to do so it would need to be able to arbitrate disputes and impose sanctions, which in turn would require multilateral disarmament. (Ashworth [2014](#), p. 162)

3.3.7.6 Liberal reactions to Fascism

Von Mises considered that, as a movement whose primary existence and purpose sprang from its anticommunism, “Fascism and similar movements aiming at the establishment of dictatorships are full of the best intentions and that their intervention has, for the moment, saved European civilization” and that therefore “the merit that Fascism has thereby won for itself will live on eternally in history,” even though its policies are “not of the kind which could promise continued success” and, fortunately, with time Fascists in power “took a more moderate course and will probably become even more so with the passage of time.” (von Mises [1978 \(1927\)](#), pp. 51, 49)

Up through 1935, when “second wave” elements came to predominate in the regime, Mussolini maintained considerably popularity in America, especially among business leaders and the right wing of the labor movement (such as Samuel Gompers,) for the perception that he had solved the labor question and tamed the irrational, crowd elements of modern society that democratic relations might not be able to. (Alpers [2003](#), pp. 17-19)

Both among detractors and supporters, "Fascism was initially described mainly as a purely reactionary phenomenon, simply another example of Bonapartism, and not as a new revolutionary dictatorship." (Pasetti 2017)

3.3.8 Fascism in the wings

3.3.8.1 The social basis of early fascism – disaffected intellectuals, demobilized veterans, discouraged petit bourgeois

As Michael Mann (2004) asks, "Who were the fascists?" This in turn requires separate consideration of voters for authoritarian corporate parties, and for paramilitary nationalist activists. The profiles for the latter are in some sense a more extreme version of the latter, demographically speaking, but the profiles of the latter are most useful in confirming hypotheses of the "social basis" of authoritarian corporatism.

"The receptive audience of the Conservative Revolution was the middle class – small- and medium-scale farmers, artisans, shopkeepers, white-collar workers workers in big industry and the civil service, and the professional middle class – lawyers, doctors, professors, higher civil servants and engineers." (Woods 1996, p. 4) "Fascists tended to come from sectors that were not in the front line of organized struggle between capital and labor. . . Soldiers and veterans above all, but also civil servants, teachers, and public sector manual workers were all disproportionately fascist in almost all the countries of mass fascism." (Mann 2004, p. 27) "Most recruits joined the movement young, unmarried, unformed, with little adult civilian experience." (*ibid.*, p. 28)

3.3.8.2 Conscious emulation and awareness of fascism as an international ideal

These fascists were simultaneously aware of their own status as an international trend and keen to insist on their unique national status. The fascist ambivalence about its own internationality can be seen even in the names preferred by its organizations for ideological dissemination across borders, such as . One can hardly imagine the Third International having a name referencing the “universality of Moscow” or a liberal organization referring to the “universality of London,” precisely because that would compromise the actual claim to universality. Breaking with the conservative government of Istvan Bethlen, with whom he had worked to defeat the short-lived communist experiment in Hungary, the later Prime Minister Gyula Gömbös declared that “Fascism cannot be copied” but also that “I wish a unified Hungarian fascism may emerge.” (Zeidler 2011, p. 125)

Subnational groups without their own states – sometimes surprising ones – found inspiration in the fascist conception of absolute national sovereignty. Black intellectuals in the U.S. flirted with fascism as a model for black liberation, with Marcus Garvey eventually going so far (in 1937) as to claim the inspiration went the other way – that “we [Black nationalists in the Americas] were the first fascists.” (Thompson 2007)

Other groups’ rejection of the label came with the implicit sniff that they, too, were the first fascists. Action Française claimed seniority for themselves and heresy for their wayward Italian epigones – the charge being (despite historians’

frequently seeing AF as a “conservative” organization) that the Fascist movement was too legalistic and did not do enough to abolish the normative state. (Dobry [2011](#), p. 73)

3.3.8.3 Spread of ideas

Corporatism “became increasingly the vogue among younger Catholics frustrated with ‘parliamentary’ political Catholicism and the limited success of Catholic parties. Yet its influence on the formation of the policy of European Catholic parties in the post-war decade was limited. The only serious and sustained support for corporatism was to be found among the Christian Socials in Austria and in António Salazar’s original Portuguese Catholic Centre Party, which eventually merged into his dictatorial regime, and Switzerland where Catholic politicians seem to have seriously entertained corporatist ideas.” (Pollard [2017](#), p. 46)

Feder ([1919](#))’s position, and by extension that of the early , is that socialist agitators have whipped up good Germans against their brothers by encouraging workers to view employers and industrialists as their enemy. But, on a second look, the German working classes should realize that capitalists in productive sectors (industry, commerce, agriculture, and the like), professionals, and so on are really their fellow workers, that property (as the reward of work) is something everyone rightly strives for, and that while greed and exploitation are indeed problems, they are not the result of capitalism or capitalists in general, but of one specific fraction of capital, that is, financial capital.

To this, he brings forward a number of arguments, some specific to his particular place and time – much of the pamphlet is concerned with the particular amounts of money that his reader might expect to go to interest in one form or another, especially to war bonds – some more general. His general arguments concern two features that seem to distinguish financial from industrial capital: first, the financier needn't do anything to accumulate wealth – he can just sit back and watch the money roll in, whereas the industrialist must be actively involved. Second, while the growth opportunities of industrial capital are inherently limited by the market for their product – at most, you can reach saturation – the growth of finance has no limits; it can compound on itself forever; and will, if outside political factors fail to intervene. These features degrade the possessor of financial capital, making him lazy and greedy, and the society dominated by it, making it unjust and materialistic. Fortunately, since finance capital is superfluous to the real economy – real wealth is in physical infrastructure, technology, natural resources, and above all in the know-how and work ethic of all the people involved in delivering concrete goods and services – we can do without it. Instead, when loans are needed – whether to finance a house or an entrepreneurial venture – the state can simply provide an interest-free loan.

From the point of view of purely economic analysis, there are a number of problems with Feder's tract. However, from the viewpoint of a nascent movement attempting to assemble a coalition – to articulate, as later Nazi jurist Carl Schmitt would say, a friend-enemy distinction – it was brilliant. It posited an alliance between manufacturing capital – Feder even uses the Krupps as his example "good"

capitalists.

The role of English-Jewish financiers as parasitic rentiers aside, Feder's analysis was largely a domestic one. In Hitler's 1928 "Second Book," questions of the international economy and international division of labor would be paramount. He

posed the central strategic questions with startling clarity: how was Germany, as a European state, to react to the 'threatened global hegemony of North America'? How could it forestall America's seemingly inevitable economic and military dominance? How was Germany's political leadership to respond to the material aspirations awakened in its population by the example of American affluence?... The solution was not to ally Germany with the United States, or to adopt American modes of life and production. Any such attempt at 'Americanization' was bound to end in frustration and disaster. Behind America, after all, stood the malevolent force of world Jewry, cloaked in the garb of liberalism, capitalism and democracy. The only adequate response to the American challenge was to create a *Lebensraum* for the German people sufficient to match that provided by the continent of the United States. Space on this scale was only available in the East and it could be attained only through conquest. There seems no reason to doubt that this mission of conquest was the sustaining ambition of Hitler's regime. For Hitler, a war of conquest was not one policy option amongst others. Either the German race struggled for *Lebensraum* or its racial enemies

would condemn it to extinction. (Tooze 2008, p. 658)

How would they condemn it to extinction? Through, Hitler thought, the characteristically Jewish weapon of blockade and starvation.(Snyder 2015) Typical racial mystification²¹ aside, however, this fear had its roots in the general strategic calculus that would make *Grossraum* autarky plausible in a world of militarily hostile states, and in the hungry experience of the last months of the Central Powers. (Not for nothing would fascist agricultural policy in almost all instances look towards food sovereignty as its primary operational goal.(Fernández-Prieto, Pan-Montojo, and Cabo 2014).)

3.4 Chapter conclusion

In summary, the liberal order of nineteenth century British hegemony – founded on and expressed through Polanyi’s “four pillars” of the balance of power system, free trade, gold standard, and self-regulating market – was simultaneously a coherent system and an incubator for mass society institutions – organized labor, organized capitalism, increasingly strong forms of nationalism – and changing economic geography that would prove incompatible with it. In the aftermath of the major wars of the 1910s (most importantly, of course, the Great War and Xinhai Revolution) the legacy empires of the great Eurasian dynasties, fascist or otherwise radical-right activists appeared almost everywhere that insecure national borders or armed communist activists did, continuing to be active through the rest of the

²¹And, in light of the future *Generalplan Ost*, projection.

1920s and lending their support to newly counter-revolutionary regimes of various kinds. These new national states, however, were largely liberal dictatorships that wished to reconcile recognition by international liberalism with preservation of the interests of *ancien regime* client classes. The radical nationalist activists, whatever their aims, were firmly subordinate partners in these regimes. The mere disruption and trauma to the world system's superstructure, and even the clear supercession of British by (thus far recalcitrant) American power did not lead to its demise. The serious threat of that would only emerge in the wake of the general economic crisis beginning in 1929.

Chapter 4: Regime Formation and Productive Relations, 1929-1938

The capitalist system is facing its last trial and if not exonerated must succumb to a completely socialized state. Book Manufacturers' Association, *Industrial legislation and private enterprise* (1934)¹

This chapter will examine the different reactions class coalitions had to the general economic crisis beginning in 1929, and the effects this had on state form and more direct policy questions. In particular, I want to assert that

1. a class coalition approach to understanding political choices made at the national level, because rather than simply responding at a national level on account of “national character” or uniform geostrategic interests, each nation had political contestation that broke largely along class lines,
2. these class coalitions – both the orientation of different kinds of actors and their relative degree of political strength – were deeply dependent upon a country’s position in the world-system, and
3. despite the considerable degree of imagination brought to bear by activists and intellectuals of various kinds, there were not many live policy options to go down. Almost all countries ultimately opted for greater degrees of state

¹quoted in Ritschel 1991, p. 43.

regulation of the economy, and indeed the different ways of doing so almost all fell into either a center-left democratic option or a far-right corporatist authoritarianism of some kind, even though the ideological justifications for the latter were quite diverse (ranging from classical fascist thought to racial mysticism to Catholic social teaching.) This was due to fundamental economic constraints on the kinds of discipline exercised on labor in the economy.

I attempt to examine these trends theoretically, through general history, and finally through the experience of particular countries.

The economic events starting with the Black Friday crash of 1929 sent the entire capitalist world into a period of crisis. The advent of the Great Depression meant that the 1930s encompassed a very different economic, and hence political, environment relative to the 1920s. Although the existence of a seemingly terminal crisis of capitalism corresponded to the hopes of the radical left – and to a period of equally incredible, and in its own ways catastrophic, economic growth in the Soviet Union – it was not the far left that emerged as the political beneficiaries of this new world.

While the decisions of international liberalism or the Comintern had extremely important tactical repercussions that affected the likelihood of fascist success, the actors with the most influential say over changes in regimes were these conservatives. In this new environment, credible commitment to liberalism became more costly, because traditional liberalism was less effective, and revisionist liberalism was less amenable to their interests. This enabled fascists to raise the price of their coopera-

tion with conservatives, illustrated most dramatically by Hitler's ultimatum to von Papen – the chancellery or nothing.

The conservative shifting of allegiance from a partnership with liberalism to a partnership with fascism is frequently understood primarily as a transformation from dictatorship to democracy, and indeed where liberalism was abandoned, democracy was. But transformations within existing dictatorships were just as important.

The internal politics of democracies and dictatorships are obviously different in some ways. In dictatorships, it may be more difficult for new ideas to percolate up, for instance, and there may be more executive leeway insofar as other actors are willing to treat the will of the dictator as a Schelling point. However, in both dictatorships and democracies, interest groups make and break alliances with each other over policies which they believe will benefit them, and it was this that I identify as the mediating determinant of policy formation. Dictatorships and democracies – however defined – were similar more than they were different.

How can it be that – unless actors were considerably confused about the relationship between them – that political form was simultaneously an object of policy debate and preferences, and of little consequence? One reason that different political reforms tend to work similarly in practice is precisely that sufficiently organized and motivated actors can make a bid to transition from one to another. Democratic parties may adopt positions that are well to the right of the median voter if they have reason to believe that the richest 30%, say, could form a state answerable to themselves, did they desire to do so. Dictators, in turn, must keep a stable support base. Sovereign are they who, in real politics and not just legal principle, determine

the state of exception; all others rule at their sufferance.

This relationship is actually the principal-agent relationship we outline in section [2.2.6](#).

4.1 Direct effects of the Depression

4.1.1 Economic effects – an immediate downfall in production and trade

The direct economic effects of the Depression included a fall in employment, most important to domestic politics, and a fall in economic trade, most important to foreign affairs. ²

Both the core and periphery suffered setbacks due to the Great Depression, but the way they did so qualitatively differed – while production in the core crashed by a greater amount, the terms of trade had worsened for the producers of raw materials. The Third World, in effect, found itself able to export less *and* at lower prices. (Elsenhans [1991](#), pp. 276-278)

Pre-crisis orthodoxy was not all one package. Countries remaining on the gold standard were more likely to engage in active protectionist policy, since monetary and trade policy functioned to some degree as substitutes for one another. (Eichengreen and Irwin [2010](#))

As with later epochs, a minority preference for price stability over total output

²Although I will be arguing that not just the economics but the politics are very closely related, I will be covering the international aspects in more detail in the next chapter.

was able to assert itself wherever institutions enabled it. Central bank independence helped facilitate the deflationary preferences of bank managers, helping to exacerbate the worst responses to the crisis. (Simmons 1996, p. 408) Regardless of central bank independence, democratic regimes were more likely to leave early. (Wandschneider 2008, p. 151)

4.1.2 Political effects – disaster for incumbents

Møller, Schmotz, and Skaaning (2015), de Bromhead, Eichengreen, and O’Rourke (2013), and Berg-Schlosser and Mitchell (2002) all focus on the effects on democratic breakdown – that is, on the propensity for economic shocks to result in the transformation of democratic regimes, however defined, into non-democratic ones. (de Bromhead, Eichengreen, and O’Rourke 2013; Møller, Schmotz, and Skaaning 2015) However, the second wave included not just the establishment of autocratic states, but the transformation of old ones. In some cases, this involved becoming more “autocratic.” However, it also included many common programmatic and ideological features which extend beyond political form proper. Because these features are rarely explicitly coded in large databases, we have less explicit evidence of them in large databases, but I hope to show convergence across a variety of dimensions based on a collation of ideographic evidence.

One effect was not present on most the pre-existing authoritarian regimes of the period: delegitimation due to economic crisis.³ It is one of the most robust

³One autocratic regime, Primo de Rivera’s dictatorship in Spain, did fall in the aftermath of the Great Depression. Elsewhere, however, autocratic regimes survived.

findings of political science – though hardly the least intuitive – that voters in an economic downturn punish the ruling party. (Lewis-Beck and Stegmaier 2000) Voters are particularly likely to turn to the far right after a financial crisis. (Funke, Schularick, and Trebesch 2016) Although some models of the effect of economic crisis on democratic breakdown posit a pathway leading from crisis to delegitimation of existing governments – and therefore a symmetry between transition to and from democracy – models which look at the relative capacity of different government types to manage with crisis. (Gasiorowski 1995, pp. 884) If one model or set of state managers is perceived by the relevant policy actors to be more competent at dealing the environmentally relevant goals in question, then it may be transitioned to if not currently in place and strengthened or radicalized if already present.

Numerous political forces in Latin America “began to drift towards Fascism as m model of social and political organization that offered a viable alternative to the perceived perils of liberal democracy and/or socialism.” (Korzeniewicz 2000, p. 48) In Latin American countries where circumstances permitted, such as Colombia, Brazil, and Mexico, the formation of politically subordinated unions served to control the wage bill, especially in the public sector. (Alejandro 1984, p. 36) Latin American governments more generally responded by beginning the process of import substitution that would continue through the rest of the century. (Elsenhans 1991, p. 284)

In general, colonial powers were willing to compromise with local elites out of fear that failure to do so could mean revolution or the incorporation of their dependencies into the spheres of influence of their rivals, a process that was abetted

by the likewise conciliatory attitude of the middle-class leadership of most national movements. (Elsenhans 1991, p. 285-286)

4.2 Defecting from democracy

The Great Depression brought with it a shifting of alliance of many groups, especially petit-bourgeois groups like Catholics and Agrarians, towards the fascist bloc. This was true of the countries in which an anti-liberal right would take power, but also those in which it did not. Giovanni Capoccia examined three countries which “weathered the storm” – Czechoslovakia, Finland, and Belgium – and finds the same pattern, with petit-bourgeois fractions defecting from democratic commitments in the wake of the Great Depression in each.⁴

4.2.1 The Catholic ideological defection

From their inception, Catholic parties had faced the paradox of advancing democratic claims in tandem with a Church that had long been ambivalent at best towards democracy. Prior to the Great Depression, these parties were a cross-class – sometimes described as a “milieu” – phenomenon, united primarily by common sectoral interests and therefore pursuing a centrist course on most other questions.

The effects of the Depression were to first move Catholic worker’s groups to

⁴If we include all the countries in which “the struggle between democratic incumbents and antisystem outsiders [constituted the] primary characteristic of the political process,” this included the pattern of all such states, and all except Italy occurred in the wake of the Great Depression. (Capoccia 2005, pp. 7, 183)

the left, and the Catholic middle classes (along with the parties they maintained significant leadership over) to the right. The depression

ripped apart the social and political compromises upon which the established Catholic parties had been based. The Centre Party in Germany, the Catholic Party in Belgium and the Christian Social Party in Austria, among others, were all undermined by the rapid fall in living standards and often bitter social conflicts that the Depression provoked. The ascendancy of confessional loyalties over those of class which these parties exemplified was not so much destroyed as submerged by the socio-economic tensions of the era. As the Depression remorselessly deepened during the early 1930s, Catholic unity throughout Europe gave way to the defence of conflicting sectional interests. Catholic farmers, radicalised by the impact of the substantial decline in prices for many of their products on an already fragile agricultural sector, demanded protectionism and price-support measures while, conversely, Catholic workers' organisations demanded cheap food and state welfare programmes to help the urban unemployed. Civil servants sought to protect their salaries against the policies of financial retrenchment followed by most European governments while shopkeepers and members of professions demanded lower taxes and an end to government regulation. (Conway 1997, pp. 34-35)

“The impact of the economic depression and the consequent renewed fears of revolutionary upheaval” would drive “most Catholic political movements remorselessly

towards the right” throughout the decade. (Conway 1997, p. 37) Pius XI himself was certainly convinced that, in the wake of the Great Depression, that liberal democracy and liberal capitalism were both headed for expiration. (Pollard 2017, p. 48) Zentrum’s stated embrace of “authoritarian democracy” reflected its ambivalence about pure corporatism and traditional party politics. (Elvert 2004, p. 43) At the end of the 1920s through the beginning of the 1930s, Ignaz Seipel’s “sympathy for authoritarian currents was ever increasing.” (Wohnout 2004, p. 145) In Latin America “Catholic intellectuals, especially Jesuits. . . advocated corporatist models” such as Portugal and Austria’s as preferable to liberal democracy. (Abel 2008, pp. 190-191)

The interwar Catholic church taught that there were good and bad nationalisms – appropriate and excessive – but offered little programmatic guidance about how to separate the two, allowing it in practice to respond pragmatically. (Schulze 2013, pp. 239-240) Whatever the formal theology of the Church as a whole, Catholic hierarchs were willing to make pastoral interventions with racist and nationalist presuppositions:

Contemporary readers are shocked when they hear that Polish Primate August Cardinal Hlond supported a boycott against Jews in 1936, telling Catholics that it is good to prefer your own kind when shopping, to avoid Jewish stores . . . and especially boycott the Jewish press. . . . The highest Catholic authority in Hungary, Primate Justinian Seredi, likewise instructed his flock on their greater duties toward their

own kind. There can be and are degrees, he said, because in the sense of natural law and positive divine laws we must love better those who are nearest to us than those to whom more distant ties bind us: family, nation, religious, etc. In Germany – as the moral theology of Heribert Jone shows us – the idea of nation [*Volk*] soon became entangled with race. Cardinal Bertram, the head of the German bishops’ conference, instructed German Catholics on their moral duty to love race, *Volk*, and fatherland. Leading theologian Karl Adam sharpened the point, writing that German Catholics had higher duties on the hierarchy of love toward unbelieving racial comrades than they had toward a believing Hottentot. (Connelly 2012, p. 39)

Although liberal parties largely did not (at the risk of making an uncited tautology) defect from liberalism, those which did not saw an increasing defection of their middle-class voters away from them. This confirms the degree to which the defection from liberalism was a primarily middle-class phenomenon.

4.3 Radicalization of existing regimes

In Portugal the finance minister of the moderate anticommunist junta, Salazar, whose main agenda heretofore had been pushing through an agenda of austere economic orthodoxy, acceded the Presidency and proclaimed a Catholic “New State” in 1933, followed by “elections” to a single party, corporatist system of consultative representation, special political police, and the subordination of the armed forces to

the civil government. (de Carvalho [2016](#), p. 39)

In Hungary, until the appointment of Gyula Gömbös “the radical Right was too weak to either pose a threat to the Catholic Church or to be seriously considered a potential ally,” (Bodó [2007](#), p. 424) and what applied to the Church here applied to other conservative actors as well. “Rightist pressures exacerbated by the onset of the Great Depression, led Horthy to restrict the suffrage, to limit civil liberties, to purge leftists and Jews from the public sector, and (to buy off the refugees [from the irredenta]) to expand university places and civil service jobs. His regime moved right in the early 1930s...dominated by landowners and the upper civil service and military, alternating clientelism, patronage, and repression to keep the masses passive. The drift rightward was to continue through the interwar period.” (Mann [2004](#), p. 242)

In Poland, after the death of Marshall Piłsudski – the ostensible centre-leftist at the head of the conventional military government there – there followed “an ideological and political turn to the right and in a growing right-wing Polish nationalism.” (Redlich [2002](#), p. 39) Corporatist features in the dictatorship after Piłsudski’s death were significantly strengthened. (Pinto [2017b](#), p. 9) The following Polish government “openly committed to institutionalizing Polish economic, cultural, and political dominance[;] initiated increasingly discriminatory laws against the Jews, tolerated a degree of majority violence, and expropriated minority wealth for the benefit of ethnic Poles.” (Kopstein and Wittenberg [2010](#), p. 1097)

While during the 1920s the Turkish single party had been more or less an instrument for legalizing the rule of Atatürk, from the beginning of the 1930s the

state “underwent a transition from authoritarian to totalitarian rule” and “organized a drive to eliminate all forms of civil society that were not linked to the party.” (Zürcher 2004, p. 106) This transition was made because of the immediately poor turn in terms of trade due to the Great Depression, the superior example set by Soviet and (seemingly) Italian performance relative to the Western democracies, and the failures of a short parenthesis in the one-party system undertaken in 1930. (*ibid.*, p. 109) At the same time, the discursive orientation of the regime turned to the right, embracing the figure of the peasant as an embodiment of authentic Turkishness, free of class conflict. (Karaömerlioglu 2001, p. 59-60) Radicals within the party called for closer emulation of German, Soviet, or Italian examples, though these attempts were brushed aside in favor of continuing the effective domination of traditional state institutions. (Zürcher 2004, pp. 109-110)

4.3.1 Italy: radicalization through the party-state

It has become commonly recognized that Mussolini’s regime, compared to its functional if not rhetorical conservatism in the 1920s, experienced a progressive logic of radicalization over the course the 1930s. (Adler 2005; Corner 2012; de Grazia 1992) The 30s witnessed a hardening of attitudes towards homosexuality, (Ebner 2004, p. 151) , race, (Gillette 2002) women, (de Grazia 1992), and education and youth policy. (Tarquini 2015, pp. 179-180)

The onset of the Depression forced the Italian government to go down what, from a capitalist perspective, was a dangerous path – directly taking up the slackened

role of private investment. In at least *this* respect, the Fascist state was considerably more radical than the National Socialist one, with significant state ownership in heavy industry and the largest public sector outside of the Soviet Union existing alongside an increasingly concentrated private sector. (Blinkhorn 1994, pp. 34-35)

Italian corporatism was one that featured a “quick diffusion and slow institutionalization,” (Pinto 2017b, pp. 10-12) reflecting its ideological endorsement before international political economy had given the concept its time.

Theories of economic corporatism, once solely an instrument of propaganda and labor relations, came to be taken more seriously by academic economists in the wake of the Depression. (Pomini 2011) The theories of fascist economists, especially those emerging from the Marshallian tradition, actually accorded quite well with the structural explanation of fascism offered by a number of Marxist theorists: that state intervention in the economy had come to be necessitated by the growing concentration of capital. (*ibid.*, pp. 741-742)

From 1928 onwards, the law gained increased coercive power to prevent labor mobility. (Toniolo and Piva 1988, p. 226) Once unemployment hit Italy, the official newspapers described “mass unemployment as the last remnant of the Liberal regime which the Fascist revolution was in the process of liquidating.” The heretofore irrelevant left wing of fascism saw its chance, arguing that corporatist replacement of market mechanisms could solve these legacy problems. (*ibid.*, p. 232) As elsewhere, policymakers were worried about the disciplinary effects of employment provision; a worker on the dole “not only loses his interest in and love for work but acquires the evil psychology of the idle,” wrote a fascist trade union magazine;

policies which were not connected to previous contributions would be particularly egregious, then. (Toniolo and Piva 1988, p. 233) As had already been done in the battle for the Lira, wages could be cut by decree. “In 1930 employers began to argue that the fall in world prices required new cuts in nominal wages,” and these were effected several times later throughout the 30s. (*ibid.*, p. 234) On the whole “broadly speaking there was little or no innovative effort in the policies of public works and unemployment insurance, in either their qualitative or their quantitative aspects. On the other hand, a peculiarity of Fascism seems to have been its attempt to grant the state active control of the labour market. Propaganda, party mobilisation, bureaucracy and the police were the instruments used to enforce wage cuts and . . . to control workers’ mobility.” (*ibid.*, p. 236)

4.3.2 Japan: deep state radicalization

The social consequences of unemployment were not as bad as in Japan as elsewhere due to the ability of rural by-employment to absorb surplus labor, and as a result the movements of the unemployed were not quite as strong as elsewhere. (Gordon 1987, pp. 252-253) Prior to the Great War, the Japanese labor movement, to the extent that there was one, had little connection to the Marxist labor movements of Europe, but the war’s expansion of industrial employment, coinciding with the coming of age of the first mass-literate generation and with significant Marxist influence in the Japanese academy, gave the preconditions for the absorption of Marxism by major unions. (Carlile 2005, pp. 27-30) This was followed by the

advent of another ideological feature of European unions – fractionalization and rivalry between communists, social democrats, and left communists. (Carlile 2005, pp. 30-31) Although there were also unions organized on the basis of Christian social principles, these were not, as in the European cases, integrated with the kind of clerically-led *milieu* parties of defense of confessional interest.

The reaction to the rise of authoritarianism by Japanese labor corresponded to the European model – with social democrats remaining cautious and tied to legality, communists insisting on a heroic stand, and the left wing on the non-Moscow groups calling for popular front tactics. (*ibid.*, p. 37)

Newspaper censorship steadily increased from 1925 on but then suddenly spiked in 1932, marking one possible point where we can see a qualitative change in authoritarianism. (Huffman 2004, p. 128)

While engaging in an increase in public spending to solve the unemployment crisis, the Japanese government limited the depth of its involvement out of fear that it might induce from workers an excess of confidence. Willingness to expand this, and the categories of workers to whom relief employment would be offered (from day laborers to lower-level white collar work, for instance) grew with two things: clarity that the crisis would not be swiftly resolved, and the embrace of techniques which might mitigate the foreseen socially undesirable effects of employment guarantees. Those newly receiving public employment would have to start carrying internal passports “to prevent concentration in cities and preserve discipline on the job.” (Gordon 1987, pp. 266-267) Still the government was concerned, as a missive explaining a change in terms said:

The present expression, unemployment relief, encouraged in the recipient a consciousness of rights, a belief in some sort of right to this relief. This has had unwelcome effects in the implementation of relief programs, from the perspective of control of workers, discipline, and efficiency. (Gordon 1987, p. 267)

“Home Ministry bureaucrats now recognized that unemployment was endemic to capitalist society, and they were not sanguine about the ability of capitalists, themselves, to deal with the problem.” (ibid., p. 268) The design of the unemployment insurance law passed in 1936, linked to mandatory savings accounts supported by both workers and employers and tied to long-term employment at a particular location, reflected the government’s desire to head off future social crises without endangering labor discipline, and even this law was passed over significant opposition by, and concessions to, major employers. (ibid., pp. 268-270)

The aftermath of the February 26th incident was both its “Night of Long Knives” and “*Machtergreifung*” – a confirmation of the hard right radicalization of the state and a limit set upon it. An immediate policy of concessionary exclusion was released upon the radical *Kodoha* faction.

1936 featured not just a purge-rebellion cycle on the right but also on the left. Autonomous labor unions were crushed and replaced by the Sampō movement, modelled on the Nazi Labour Front. (Carlile 2005, p. 38) The National General Mobilization Law of 1938 further expanded state mediation of labor relations. (ibid., p. 39)

Radicalization could also occur through the independent action of politicized members of the state apparatus – “working towards the Führer” even when there was no Führer. The involvement of right-wing army officers manufacturing in the Mukden incident is well-established; their role in the bombing of Kassa merely plausible. (Sakmyster 1975, p. 21)

4.4 Breakdown of democratic regimes

4.4.1 Austria: agricultural capital excludes socialists from an authoritarian coalition, uneasily includes nationalists

The “impact of the Great Depression placed the issue of League interference [in economic affairs] in the center of the struggle between Austria’s four contending political forces;” Nazis “saw in the League’s presence in Austria a despicable instrument of ‘international capitalist Jewry;” social democrats vacillated before embracing the League as a counterweight against the influence of Hitler’s Germany; the *Heimwehr* “seem to have been too inhomogenous to formulate a common view on either political or economic implications of foreign financial intervention;” “for most Christian Social politicians [at an elite level], the value of the League’s presence in Austria depended upon its willingness to support government, banking, and industry in their fight for Austria’s economic competitiveness, to be achieved through low wages and an equally moderate level of corporate taxation.” Some of the left wing of the *Heimwehr* and Christian Socials were skeptical of the League on the grounds that it would inhibit a more active approach, but they were weak compared to the

right flank that was interested in tight monetary and economic policy. As a small, (initially) open economy, and being dependent (like much of Continental Europe) on foreign creditors, Austria was quickly beset by a kind of scissors crisis that found itself in an easy – because probably not incorrect – position to blame the international financial community. Austerity was the cure offered for their ailments. (Berger 2003, pp. 74-88)

In the wake of Hitler's accession to power, the center-right coalition of Engelbert Dollfuss proclaimed that Austria would, much like Portugal, be embarking on a new kind of right-authoritarian politics. The possibility that the deeply pillarized society would fall into the total control of the nationalist or Marxist *Lager* weighted heavily on the Catholic camp's mind, especially since the nationalist camp was now (as it imagined the Marxist camp to be) fully in the thrall of a foreign power with a history and active intent of persecuting the Church. (With respect to more worldly matters, the Austrian civil service and capitalist class, especially in certain sectors, feared the demise of their positions.) But Dollfuss' coup, which attempted to incorporate the entire non-National Socialist right, also spoke to more positive aspirations of the Catholic right across Europe – that capitalism and nationalism could be set on new, more moral foundations, and that modern heresies of all sorts could be navigated through on the way to a genuinely Catholic modernity. The new regime incorporated the Heimwehr while at the same time effectively decapitating it, following the almost universal rule for successful consolidation of fascist and parafascist regimes. (Botz 2017, pp. 150-152)

“When the new Austrian leaders adopted the new constitution in the spring

of 1934, they found out that rolling back certain standards would not be all that easy: Banks, to take but one example, refused to follow the path stipulated by the theorists of the *Ständestaat*. Rather than being dissected into small units, which would have been in line with the corporate concept, banks went through a process of monopolization that was unique in the history of Austria.” (Senft 2003, p. 35)

“Dollfuss’s popularity in Western Europe, after reaching its peak at the time of the London economic conference of June 1933, had considerably suffered since the brutal display of government military force against Socialist workers in the civil war of February 1934. But to his last day he was considered a valuable partner in western containment strategies against Hitler’s Germany.” (Berger 2003, p. 89)

With Lausanne “Geneva-based financial experts departed from their earlier deflationist views and allowed themselves to be guided primarily by their desire to warrant the stability of the Dollfuss regime” against Nazi or Social Democratic alternatives. (*ibid.*, p. 88)

Dollfuss’ support base was to be found in “the state bureaucracy, the judiciary, the police apparatus, organizational and personal networks of the old [*Christlich-soziale Partei*] and other stakeholders such as [Catholic] unions, economic and cultural associations and the powerful organization of Catholic student and alumni fraternities” (Botz 2014, p. 134) and in the agricultural sector more generally. (Senft 2003, p. 34)(Berger 2003, p. 89)

The comparatively orthodox rightism of the *Ständestaat* both benefited industry (by taking its side in industrial disputes and suppressing the wage bill) and harmed it (through financial constriction.) (Senft 2003, p. 35)

Economic policy was not as coherent as advertised and “ultra-protectionist measures stand side by side with anti-interventionist concepts comparable to those by liberal economists such as Ludwig Mises or Fritz Machlup. The ideas developed by corporate thinkers such as Othmar Spann or Walter Heinrich certainly shaped the structure of the corporate state, yet altogether the *Ständestaat* show so many facets that it is extremely difficult to describe its character.” (Senft 2003, p. 32)

This mismanagement – which, like much of the international response, was orthodox in all the wrong places – hampered its ability to truly deal with the social crisis except through political (though hardly effective social) repression. This, combined with inadequate repression of the , led to a situation not unlike Hungary or Japan, where dissident rightists under dictatorship had enough latitude to organize and just little enough to feel dissatisfied, and so proceed by adventurist terror. Even worse, the primary threat in this regard had a hungry superpower seeking to eat them up, and a population that regarded *Anschluss* as desirable. The experiment in multiple kinds of orthodoxy would not last, but while it did, it evinced a support coalition that was virtually a laundry list of the lowest-capital-mobility social groups.

4.4.2 Germany: nationally-oriented capital hands the keys over to radical activists

Established elites were aware that they had much to potentially fear from Nazism; a “simultaneous mixture of expressions of dizzying adulation, suspicion, and distrust” characterized the way in which “leading businesspeople, military, and

bourgeois party leaders described Hitler.”(Nagle 1989, p. 201)

National Socialism stands out, from the standpoint of prior history, for the depth and scale of the evil it accomplished — itself only a small portion of what it aimed at. It stands out in this period for the speed and completeness of its activists’ political victory over not only the left but over all other forces on the right. As for the speed of this victory, a narrative the *Machtergreifung* is hardly necessary. What is remarkable is the consent which the other factions of the right granted to this process. *All* of the non-socialist parties voted for the Enabling Act. The Night of Long Knives, which mopped up the remaining independent conservatives alongside the rowdy left wing and paramilitary independents of the Nazi movement itself, was greeted with a sigh of relief from the conservative parties and middle classes as a whole.

This acquiescence towards the regime has been explained in cultural terms: Germans are rule-bound sticklers, born bureaucrats who will obey any stipulation that has been carefully enumerated in the lawbooks.

Perhaps both compounding and explaining this puzzle is that Nazi movement and Hitler in particular, once invested with this unparalleled power, returned the trust – at least to the industrial bourgeoisie. The National Socialist regime was provably not committed to free-market ideology, and both promised and delivered on an active economic policy – huge infrastructure investments that would serve both to prime the pump and to enable the state to move against other states. Hitler was also, to say the least, not at all opposed to a policy of betrayal – as one important section of the conservative power structure, the churches, would end up

slowly submitted to more and more persecution. But this never resulted in any kind of challenge to the first and second priorities of the bourgeoisie anywhere – *private property* and *profitability*. Despite the name, National Socialism entailed neither the nationalization nor the socialization of industry, but in fact a wide-ranging scheme of privatization. (Bel 2010) Control over pricing was exercised in the interests of capital as a whole – exercising a downward pressure on wages – even as each particular firm had reasons to increase wages under the table. (Buchheim and Scherner 2006)

During the run-up to seizure of power, this task of adequately assuring existing elites of this commitment while clearly differentiating themselves from the existing bourgeois parties was no easy task, involving both tough tradeoffs in the kind of political line the Nazis wanted to project and in simply targeting different messages to different audiences. Aware that they were jittery about major parts of the Nazi economic program – its attacks on banking and department stores, its ruralist and Strasserite wings – Hitler initiated private talks and speeches where he could speak directly and “reassure business and banking elites that he had no intention of attacking private property or the private banking system (except for Jewish businesses and banks,) and in June 1930 he threw Ottos Strasser and his more serious left followers out of the party.”(Nagle 1989, pp. 200-201)

Ironically, establishment elites may have been willing to give Hitler his most outrageous demands – the Chancellorship or nothing – because the was weakening. With the last free elections in Weimar seeing a surge in support for communism and weakening of the Nazi vote, it became more plausible that the bourgeoisie might be on a clock, and giving into Hitler’s ultimatum the lesser evil. (*ibid.*, p. 204) Hitler’s

tactical intelligence and measure of his indispensability had been vindicated.

4.5 Democratic survival

4.5.1 France: anti-revisionist geopolitics just barely satisfies restive nationalists

France's history did not suggest optimism: for over a century it had been riven by conflicts between left and right, with no less than seven regime changes from the Revolution through to the Third Republic, with more to follow.⁵ Had General Boulanger declared a Third Empire in the 1890s – an entirely plausible counterfactual – he would only have been reënacting a pattern. Moreover, France was, after all, the original home of far-right paramilitarism. All of this would later contribute to a wartime regime which, like those instituted in Croatia or Slovakia, could draw upon significant bases of native support – popular, intellectual, activist, industrial – even when imposed by foreign powers (indeed in this case the supreme external hated enemy of French nationalism.)

Moreover, French democracy was hardly lacking in crisis points. In 1934, an ideal villain – a foreign-born Jewish swindler with connections to the center-left government – burst onto the national scene with a suspiciously unclear suicide and galvanized the Right, who assembled 25,000 demonstrators Paris, bringing out the bullets of the gendarme and down the government – but not the state. (Austin 1990,

⁵By contrast, consider the infamously coup-prone Turkey, which has enjoyed merely five regime changes in our last century.

pp. 176-178)

So why did French democracy survive, at least until its native rightists had that external help?

France “at that time was a ‘sated’ colonial empire” (Sand 2000, p. 83) not only lacking major irredenta but having about as many colonies as it could logistically handle. Its Depression was among the most moderate, “with its strongly restored currency, evenly balanced economy and lesser dependence on the sharply contracting international market.” (Marks 2003, p. 128) Moreover, the French right was famously divided. Monarchists had the choice of several different dynasties to choose from; radical modernist planners rubbed shoulders with Catholic ultras; and the overlap between the intellectuals and the mainstream right, at least in cultural terms, was probably less than elsewhere. Finally, and arguably most importantly, the French left, though not as thoroughly revisionist had better relations with its petty bourgeoisie, especially the agricultural petty bourgeoisie, than in most of continental Europe; with even the PCF advancing a defense of smallholders in its line. (Brustein and Berntson 1999, pp. 168-169)

4.5.2 Ireland: class structure and party cleavages

It may be an exaggeration to say that “at no time was Irish democracy itself seriously in danger,” (Zink 2000, p. 263) but the fact that it survived at all, from a comparative perspective is still somewhat extraordinary.

As a semiperipheral Catholic country emerging from civil war, the *ex ante*

liberal or social democratic prospects for Ireland did not look encouraging. Nor did the war for independence proceed in a way that was auspicious politically; rather, it ended up in the kind of decentralized, paramilitary ethnic violence characteristic of central Europe after the war:

The genesis of paramilitary formations in Poland and Ireland shows a radicalization of independence movements accelerated by the political disintegration of the former regimes. Distinctions between civilians and the military were eroded in the face of guerrilla warfare and ethnic, religious and ideologically motivated violence. The process occurred in the contest of a bellicose transgression of boundaries and social mobilization in both countries following the World War. (Eichenberg 2012, p. 185)

“Fratricidal conflict, economic austerity, unimaginative or repressive government by (mostly) grey men, tend to be the motifs governing general accounts of the 1920s and 1930s.”(Jackson 2007, p. 61)

Ireland even had a “Reichstag fire” moment in 1931, when

The fact that a leading IRA man, arrested in July, was found to be in possession of a document from a left-wing organization was seen as proof, at least in government and Church circles, that the IRA had communist links. This was, in fact, not the case...The Cumann na nGaedheal government reacted to the apparent emergency by drafting a Public Safety Act which was passed by the Dáil in October 1931. The new law, which had the backing of the Church, provided for the

establishment of military tribunals for crimes of subversive violence and allowed for the immediate banning of 11 left-wing organizations together with the IRA. The Act was opposed by both Fianna Fáil and the Labour Party, the former arguing that it failed to address the root of the problem which was the economic crisis. Labour, in turn, feared that the Act could be used against the trade unions in their legitimate struggle against rising prices and unemployment. (Zink 2000, p. 288)

Thus, like the more secure Anglo countries, more extreme options were at least considered by mainstream conservatives. And they were rejected because left and center-left parties (1) were too strong, and (2) felt that it would have limited labor freedom.

The highly unusual party structure of Ireland – one where, consonant with many eventual postcolonial countries of the Global South, the more nationalist-identified party was also the more left-wing one – likely explains part of this. But more consonant with the determinants of democratic survival elsewhere, class structure likely played a part as well. The “power of landlords in Ireland experienced substantial diminution in the last quarter of the nineteenth century[.]” (Hoppen 1991) Thus, not only were landlords weak, but their exist was more graceful than the Balkan/Baltic model of quick exit and redistribution along ethnic lines, preventing the organization of a Central European-style agrarian party that likely would have turned to the right as a ”swing vote” in the 1930s. Moreover, ethnic divisions between the church and the former landowning aristocracy impeded ruling class

cohesion.

4.5.3 Czechoslovakia: antirevisionist geopolitics, export orientation, and ethnic alliances preserve an anomalous democracy

The continued survival of democratic institutions in Czechoslovakia is further surprising from another perspective, admittedly colinear with the first – that of social history. Of all the European countries or regions in the late nineteenth century that would end up democratic up until 1938, Bohemia was the only one outside Great Britain where an agrarian elite played a dominant role in politics and the only one where labor-repressive agriculture had been employed, (Stephens and Kümmel 2002, p. 46) as well as the only one other than Ireland where clientelist politics were dominant. (Zink 2002, p. 90) Czechoslovakia – more specifically, Bohemia and Moravia – were unique among Transalpine regions in having enjoyed a more Cisalpine development pattern during the preceding half-century. (Teichova 1989, p. 887) What must have struck urban Czechs as bizarre and barbaric feudal survivals – obligatory tithes, agricultural exchanges in barter, duties to the landlord in kind – persisted in the northern regions of Slovakia. (Pátek 2000, pp. 250-251) What Slovakian industry there was was concentrated around coal and timber, with much of it coming under the influence of Czech financial capital. (*ibid.*, p. 257) The Czech lands, by contrast, had become a major center for light industry and modern liberal nationalism. (Glassheim 2007, p. 28)

Beginning in 1936,

the state assumed a determining role in the labor market, enforcing binding arbitration to prevent wage reductions, severely restricting the right of employers to close plants and lay off workers and, remarkably, compelling employers who did lay off more than 10 percent of their work force to provide three weeks pay and notice. (Luebbert 1991, p. 292)

And although pursuing relatively more liberal policies throughout the crisis, Czechoslovakia's economic performance was neither better nor worse than average for the region. (Good 2003, pp. 149-150)

If the ultimate cause (or at least condition of possibility) of Czechoslovak democratic survival was its more developed social structure, and the proximate cause was the decisions of its political leadership, the intervening variables need to be located in Czech capital's hegemonic position internally and cosmopolitan interests externally.

Czech capital's cosmopolitan orientation, in turn, was the result of critical political factors (most prominently, its adjacency to a large revisionist power) as well as purely economic ones (its favorable terms of trade within the Czechoslovak national economy as well as its export dependence.) It was also import dependent, as the country "lacked the raw materials necessary for industrial production and depended on imports of cotton, metals, and even hard coal." (Albrecht 2007, p. 98)

Unlike the other members of the "little Entente," Czechoslovakia remained allied to France on a geopolitically antirevisionist basis. (Manfred 1997, p. 58)

Additionally, because of its favorable export structure, focusing on finished

goods, Czechoslovak industry failed to face the dilemma posed to the rest of east-central Europe: the scissors of declining volume, and terms of, trade. Terms of trade improved during the immediate crisis years (1929-1933) and worsened afterwards as volume increased. (Pryor and Pryor 1975, p. 502) Czechoslovakia was unusually export-dependent and exports were unusually sensitive to economic fluctuations. (*ibid.*, p. 502) “Economic policies during the Great Depression showed considerable ambivalence,” with a mildly expansionary fiscal policy and, until 1934, contractionary monetary policy. (*ibid.*, p. 504) Even the 1934 devaluation was rather half-hearted, thanks to conservative opposition, for “Czechoslovak leaders attached a great deal of prestige currency stability which provided a basis for international confidence in the strength of the country’s economy.” (Pryor 1979, p. 238) Although there is some controversy over the overall level of protection, tariff levels do not appear to have distorted Czechoslovakian “natural” comparative advantages, which were concentrated in light industry. (Pryor and Pryor 1975, p. 511) An apparent exception is the subsidization and protection of agriculture made as a sop to the Agrarian party. (*ibid.*, p. 521)

“After the Czechoslovak state was established, two organisations of industrialists along national lines, one Czech and one German, were founded,” and though tussling at the beginning of the Republic, came to a considerable degree of cooperation later on in it. The Hauptverband (German business association) joined the “activist” coalition of national minorities embracing the Republic, seeing its class interests as aligned with Czech capital and thus even being willing to eventually subordinate itself to the Czech association in 1928. (Boyer 2000, pp. 265-267)

Slovakian indigenous capital had since before the war aligned itself with Czech nationalism against German and especially Magyar interests. (Holec 2000, pp. 277-278) After the war, the state's program of economic liberalism was disadvantageous to the rural, Slovakian part of the country. The national difference was implicitly a sectoral one. Hlinka's Slovak People's Party agitated on a program of import substitution stating that as "the economy is Slovakia's vital issue... Slovak industry in its present state, is not strong enough to maintain its competitive markets... The introduction of duties on industrial goods is an indispensable condition of its reconstruction..." (quoted in *ibid.*, p. 285) After the depression other Slovak political fractions would embrace some form of regionalism or another. (*ibid.*, p. 286)

In addition to a highly export-oriented, geopolitically western-aligned elite, Czechoslovakia – more specifically, its Czech sections – featured an unusually strong working class:

The trade unions in Czechoslovakia were significant institutions, for during the interwar period a higher percentage of workers in that country (over 50 percent) joined unions than in any other continental European state except Austria. In the Czech Lands nearly 60 percent of all workers belonged to unions, while in less developed Slovakia, the figure averaged about 25 percent. Despite their large membership the trade union movement in Czechoslovakia was one of the most fragmented in the world. (Kopanic 1992, p. 27)

And "despite the agrarian nature of the region and the multiplicity of trade unions,

unionized industrial workers in Slovakia were a class-conscious group after World War I.” Because of greater government repression there during the dual monarchy period, union and socialist party groups generally functioned as part of the same semilegal organization, as opposed to the Czech regions where they were distinguishable. As a result, Slovakian labor was relatively more radical. (Kopanic 1992, pp. 29-32)

After the formation of Czechoslovakia, Czech and Slovak – and eventually German and Magyar – trade union congresses merged, leaving two major groupings partitioned not along ethnic but ideological lines – social democratic and Christian. (*ibid.*, pp. 33-36)

The rejection of the multiethnic Czechoslovak state was far from an inevitability for the German population. Although most of the German parties had rejected the establishment of Czechoslovakia initially, over the course of the 1920s most of them (and other ethnic minority parties) had come to accept it. (Capoccia 2005, p. 77) In spite of early discrimination (especially in those classic matters, land reform and civil service recruitment,) the German agrarian, Christian Social, and Social Democratic parties were won over to the “activist” [that is, pro-Czechoslovak] camp by 1926, well before the Nazi won over the German majority in 1935. (Bradley 2000, pp. 91-92) During this time, the Czech extreme right waxed in power as well, although it never took on the dominance among the Czech population that the did. (Capoccia 2005, p. 76)

Luebbert considers that liberalism (as distinct from social democracy) was not on the table in Czechoslovakia because, as in other non-liberal countries, ethnic

and confessional differences impeded the political union of the bourgeoisie prior to 1914. (Luebbert 1991, p. 291) This is significant insofar as there did not develop an ideologically subordinate labor movement – but it is equally significant that after 1914 liberal hegemony organized around the leadership of Czech capital *did* develop. It, just as much as the other liberal states, represented a “lib-lab” coalition of heavily export-oriented capitalists, geostrategically aligned with the West, acting alongside an active labor movement that extracted economic concessions for its cooperation with the former. The social basis for the establishment of a democratic welfare state in Czechoslovakia, then, was not dramatically different from that of Britain. Ironically, the broad presidential powers granted by the constitution allowed this coalition to preserve democracy by suppressing the extreme nationalist parties. (Bradley 2000, pp. 95-96)(Capoccia 2005)

4.5.4 Czechoslovakia and Austria in comparison

Czechoslovakia and Austria were both small, developed, highly export-dependent states, rich in union density, with a common political heritage (the Habsburg Empire) and geopolitical rival (Nazi Germany) – and yet their political outcomes up until the annexations of 1938-1939 could not be more different. Czechoslovakia, as we have seen, remained the bastion of democratic governance throughout the region, while Austria took up the mantle of corporatist dictatorship.

Both sought ideologically amenable allies to counterbalance the growing Reich German threat, which openly proclaimed its desire to incorporate all ethnic Germans

into a single state – Czechoslovakia the Western democracies and especially France (though also the Soviet Union) and Austria the Catholic Treaty of Rome axis and especially Italy (though also the Western democracies.)

However, the social basis of their rule was different. Czechoslovakia was, as we have seen, led by capitalists who were forced to cooperate with labor. It was, in comparison to Austria, a heavily industrialized region – having “inherited 65 per cent of the industrial capacity of the Austrian half of the Monarchy but only 26 per cent of the population” (Albrecht 2007, p. 98) – and consequently, industrialists and to an extent industrial workers were in charge.

The Bohemian aristocracy – whether German or Czech – despised democracy and was inclined to the radical right. But whereas the Austrian aristocracy was both united and in power, the Bohemian aristocracy was divided and out of power, with those identifying as Czech nationals supporting some sort of Czech form of fascism, the Germans looking towards the Reich, and both struggling only semi-successfully against land reform. (“Genteel Nationalists: Nobles and Fascism in Interwar Czechoslovakia”)

In Austria, by contrast, “landed or office aristocrats, leading bureaucrats, military officers and other members of the ruling classes retained largely the same societal position as before 1918,” leaving Austria with a political leadership where state attachment, low-mobility property ownership, and state management were linked in terms of persons and networks in a classically conservative fashion. (Botz 2014, p. 125) The nationally united and highly solidary Austrian aristocracy also had the benefit of inheriting an outsize role in state institutions, befitting the little

Alpine republic's status as the rump state of the empire. This contrasted with the Bohemian aristocracy, which found itself adrift in a new, rather than rump, state.

The Czech bourgeoisie found itself in desperate need of allies from the very start. The country was not militarily defensible without the Sudeten regions and the guarantees of territorial sovereignty by the West, the economy not feasible without continued good relations with both those Western powers and labor leadership, the premise of the state itself impossible without a rejection of ethnic nationalism. And while the Austrian ruling class was also export-dependent, the extraliberal allies it looked to were on the radical right (in Italy) rather than left (in Soviet Union), and perhaps most crucially, their basis was in the low-mobility asset of land.

4.6 Dimensions of convergence

4.6.1 Corporatism: nondemocratic representation and union-busting

“Corporatism” as advocated by intellectuals and social movements denoted a wide variety of possible institutional frameworks, from yellow unions to representation by estates to the abolition of capitalism and its replacement by medieval guilds to something else. (Pasetti 2017, p. 63)

Prior to the Great Depression, the Fascist Labour Charter had found one copycat attempt, in de Rivera's dictatorship. Afterwards, however, examples would multiply. (*ibid.*, p. 70)

In Latin America there “were a number of short-lived attempts to create corporatist governments. Notable examples are Brazil under Vargas and Chile un-

der Ibañez.”” The lack of a military mass-mobilization context, however, weakened forces in this direction. (Thornhill 2017, pp. 78-80)

Ironically, National Socialist thinkers remained among the rightists most skeptical of corporatist proposals, precisely because they considered them to be not totalitarian *enough*. (Neumann 2017, pp. 134-137) That is, corporatism as advocated by most Catholics and other conservatives explicitly saw the “organic” institutions of society as prior to the state, not subordinate to it (or, in the Nazi case, the interests of the race.) In principle this limited not only reforms that a democratic polity could make, protecting property from the majority, but also the kind of construction of racial utopia sought by the most committed Nazis.

The main trend, however, was certainly for corporatism to be the order of the day throughout the Catholic world, and to a lesser extent the entire world.

Why corporatism? This can be answered on four distinct levels: philosophically, genealogically, opportunistically, and in terms of the fundamentals of political economy.

Philosophically, the corporatist impulse – social and, especially, political – reflects a desire to understand society as having its own distinct interests that are irreducible to those of its members. This is attested by fascists as well as earlier organic conservatives, who were very concerned about the purely “quantitative” or “arithmetic” tendencies of direct representation of individuals implied by democratic practice. Corporatist organization and representation necessarily implied the representation of estates that were themselves multiclass; and thus, it was presumed, estates that would be seen as not capturable by class-based interests (that is, com-

munists, but also to an extent liberals.) Insofar as the nation was seen as something that had its own interests, it would, to know those interests, need to be able to consult its various “organic” subdivisions, those given in terms of its functionally interdependent parts; therefore, representation of some kind would be necessary, but there would be no presumption that each *person’s* voice should count equally because the literal or metaphorical “counting” of persons was not the point – ensuring that the state had access to the needs of each of the nation’s functionally interdependent parts was. For this reason, there was, as Costa Pinto notes, universal assent among theorists of political corporatism that the chamber would serve a representative function, but a consultative, rather than governing, one – with the ultimate power of decision instead invested in an autonomous executive branch. (Pinto 2016, p. 8)

Genealogically, these ideas descend from the earlier Right – and as much the Old Right as the Young. Burke, at the founding of contemporary conservatism as we understand it, and a more radical figure than is often appreciated [see (Robin 2011)], explicitly justified the defense of the traditional representative features of the “English constitution” (with their rotten boroughs, etc) on an organicist and “corporatist” (in the broad sense) basis. The nation is a unity, it has its various parts, and these various parts much make their inputs into the governance of the nation, *not* on the basis of the equal right of every individual in it to have a say in the institutions that rule them, but on the basis of each *part* of the social organism being able to make its case about the needs of society as a whole. This idealistic assumption about the way groups would be represented was seen as a more virtu-

ous alternative to the grasping after interests that would proceed on the basis of direct individual representation. De Maistre and Bonald, around the same time but perhaps less surprisingly because we have fewer pretensions about seeing them as liberals *avant la lettre*, also defended a kind of representation by estates on organicist grounds. Of course, it is true that this kind of representation by estates was something that was much more traditional than the representation of estates proposed by corporatists a century later, and that important developments happened between one point and the other.

This transition was primarily the work of Catholic social ideologists, who in the latter half of the nineteenth century sought to defend Church interests through cooperation with the masses of Catholic laity, articulate the Church's traditional social goals in alliance with other classes; in particular, the Church sought to make alliances with groups of workers through the development of Catholic trade unions. These Catholic trade unions necessarily (by virtue of the Church's alliance with other social groups) were less radical, less inclined to seek state power, more willing to conciliate with employers, and more narrowly economic. At the most abstract/system-functional level, the major leaders of the Catholic unions, clerical intellectuals, and others were driven to articulate corporatist theories as an alternative means of distributing necessary material goods to the workers without fundamentally altering the division of power or ownership of the means of production. This reformist transformation of the distribution of material goods without a corresponding transformation in the relations of production was particularly relevant in the Catholic semi-periphery because

By virtue of their class position, however, the Catholic unions tended to drift towards a “*corporatisme d’association*” – a more voluntary arrangement representing a greater degree of autonomy for the unions – while many of the fascist radicals and state elites sought to increase state autonomy, rather than union autonomy, through a more statist form of corporatism. Both of these variants had their intellectual advocates, of course. The non-Catholic but otherwise conservative corporatist Mihail Manoilescu vacillated, declaring (in his 1934 *Century of Corporatism*) Italian corporatism illegitimate on account of its subordination of the corporations to the state and single party, then reversing course two years later, titling his book after the institution he ended up embracing after all: *The Single Party*. In either case, however, the justification was one of historical necessity. For the corporation, this was return to social form after the parenthesis of liberalism — all social relations had been corporate before, and would be again. (Love 1996, pp. 96-97)

In addition to this Catholic aspect, it should also be mentioned that there was a modernist⁶ attempt to articulate corporatism as a method of restoring guild solidarity, and that this appealed to the Catholics as well. Durkheim is the most obvious example of this – and France, of course, the instance where fascism most readily merged Catholic firebrands and high-modernist technocrats (sometimes in the same person.)

Opportunistically, the adoption of both social corporatist and political corporatist theories represented a means by which new dictators could increase their own

⁶in the Griffin sense of “scientifically wrestling with the problems of modernity” not “liking modernity”

autonomy and those of their allies by reducing those of workers (and, as a bonus prize, capitalists considered as independent actors distinct from the fascist political coalition) in the economic sphere and of the general public in the political sphere. There is nothing especially complicated about this. However, it IS worth noting how this can be easily described by our general theory of the relationships between intellectuals and politics. The prior articulation of this kind of representation by estates allowed for opportunistic state managers to increase their degree of relative autonomy *without* signaling that they would suddenly make *any* attempt to seize autonomy; rather, their attempts to do so would only be those which were prescribed by Catholic social (or whatever) ideology. This is especially important to understanding the dynamics of the dictatorships as they evolved in their struggles between the radicals and the traditionalists.

In terms of the fundamentals of political economy, social corporatism reflected the fascist impulse to protect property and distrust commerce. At its limit case, the expansion of the corporation to include everyone in an industry necessitated the elimination of economic competition between capitalists, but without redistributing their labor. Furthermore, preventing the ability of workers to strike was a key element of the fascist solution to the “labor trilemma.” (2.2.8)

4.6.1.1 Stillborn corporatisms in the Anglo world

American observers, including many New Dealers, tended to be positively disposed to Italian corporatism, at least early on; compared to the Soviet and Nazi

models, “Italy seemed chic” if “a little ludicrous in its bombast.” (Patel 2016, p. 69)

Gerard Swope of the General Electric Company proposed in his “Swope Plan” a corporative association built upon public enforcement of the mandates of existing trade associations. Hoover vehemently opposed this as fascistic, but “a number of early New Dealers – Hugh Johnson, Donald Richberg, and Lewis Douglas among others – found corporatism appealing.” (Garraty 1973, p. 913) Reactions to the Swope Plan among the American bourgeoisie were mixed: Herbert Hoover immediately rejected it as unconstitutional and inefficient; Henry Harriman, the new President of the Chamber of Commerce, won the support of the group for it. (Barber 1985, pp. 121-122) Swope would later achieve much of what he wanted through business management of much of the NRA, which also was to some extent foreordained by lack of state capacity. (Patel 2016, p. 70-71) The NRA system was almost identical to the Swope Plan – with the crucial difference that it allowed for collective bargaining. (McQuaid 1977, p. 418) The Business Advisory Council “served as a locus for the planning impulse among America’s businessmen... Throughout the 1930s, the BAC remained a bastion of those who dreamed of a business commonwealth – a system involving national planning and regulation of industry, with government cooperation but without government control.” (Collins 1978, p. 375) During this time the Chamber of Commerce and National Association of Manufacturers constituted loci of liberal intransigence. (*ibid.*, p. 390)

Although the NRA surrendered important elements of implementation to private corporations, (Patel 2016, p. 72) after experiencing the bureaucratic realities of

the NRA, US capital started using external fascism not as a model to be emulated, but as a metaphor for the elements of the new regulatory state that they disliked. (Patel 2016, p. 72)

Why was the Chamber of Commerce onboard with the Swope Plan but not the more moderate policy pursued by the Roosevelt administration? As with any large organization of this type, part of the answer has to do with maneuverings of the leadership, changing circumstances, and other vagaries. After all, the American bourgeoisie evinced a mixed reaction to both proposals – enough to prevent the former from occurring but not the latter. But an obvious reason many business leaders would have been more comfortable with the Swope Plan than the New Deal because the latter, although entailing greater violations of *market* principles, wore less on *ownership* principles, as it retained power in the hands of capital. Hence the reasons for the ambivalent reception of both – and the ability for organized labor to successfully lobby for the adoption of a reform option that was unambiguously closer to its interests.

Schemes identical to Swopes’ – assigning regulatory power to already-existing cartels – were proposed in Britain as well, most prominently among the Political and Economic Planning think tank and Harold Macmillan’s Industrial Reorganization League. “Inspired as much by their alarm over the apparent breakdown of the market economy as by their fears of the possibility of a socialist solution to the crisis, the founders of the [PEP] set out of fashion an explicitly ‘capitalist’ philosophy of planning as an alternative to both the discredited ethic of *laissez-faire* and socialism. . . The League attracted support of prominent business men at the forefront of

the planning movement in their industries and mainly Conservative politicians with close business connections.” A majority of Tory delegates were assented to be in favor of the scheme when submitted as a bill, but Liberals were divided and Labour unanimously opposed. (Ritschel 1991)

Reformist liberals, who envisaged the necessity of full employment policy without desiring either government suppression of workers nor worker accession to the surplus, saw that their position required co-optation of the labor movement. As put by 1944 British *White Paper on Employment Policy*,

Action taken by the Government to maintain expenditure will be fruitless unless wages and prices are kept reasonably stable. This is of vital importance to any employment policy, and must be clearly understood by all sections of the public. If we are to operate with success a policy for maintaining a high and stable level of employment, it will be essential that employers and workers should exercise moderation in wage matters so that increased expenditure provided at the onset of a depression may go on to increase the volume of employment. (Tomlinson 2005, pp. 559-560)

4.6.1.2 Corporatism in action

Strong economic corporatism in Portugal achieved a level of economic and political stability through a deliberate policy of squelching possibly conflicts – between capital and labor, by smashing the capabilities of labor to act, and between

different sectors of capital, by bringing them centrally to a bargaining table – and did so by conceiving of the state’s authority to act in the economic realm as one that facilitated agreement between lower-level economic actors, mainly fractions of industry and especially agriculture. (Almodovar and Cardoso 1998, pp. 105-106)

In Japan, the institution of corporatist elements (above and beyond that implied by the cartelization policy which had been pursued from 1931,) or perhaps rather their aversion, was accomplished through what reads like a parody of Nazi polycracy – hearing word that Prince Konoe’s entourage planned to introduce a more classically fascist organization of the country into regional and occupational corporations, the Home Ministry pre-empted by announcing its own system of neighborhood organizations – which, unlike much of the rest of the popular mobilization program that was being pursued at the time, successfully drew in the masses, since it was connected to the receipt of food rations. (Shillony 1981, p. 4)

Nationalist China brought in advisors from Italy to help them develop a corporatist economic system. (Zanasi 2006, pp. 12-13)

4.6.2 Antisemitism: tracking German hegemony in the fascist sphere?

The latter half of the 1930s featured a renewed political antisemitism beyond even the confines of Germany.

1938 marked the official adoption of antisemitism by Fascist Italy. While this has been inaccurately described as the regime’s “embrace of racism” – its colonial aspirations, and indeed associated formal miscegenation laws, had long been articu-

lated in racial terms – this was indeed an embrace of racial policy and ideology out of step with those of both liberal Italy and those of the regime thus far. This was not so, of course, within Fascist intellectual circles, which had continued the debate among rightists between philosemitic and antisemitic approaches.

Vichy France adopted antisemitic policies which were substantially internally driven. (Marrus and Paxton 1981) Italian media begin using the term “race” (*razza*) in the mid-30s,(Quine 1996, p. 95) and while there has been debate over the sources of the turn to biological racism and antisemitism in Fascist Italy during this period,(Gillette 2002, pp. 50-54) it clearly occurred. A “second wave” of Antisemitism flourished in Japan during the ‘30s, wherein in the accounts of many intellectuals, Jews served as avatars of a materialistic West against a spiritual East – though unlike in Italy, it was never adopted as state policy, even reluctantly, and antisemitic agitators, though free to speak their mind, remained a minor note in the ensemble of nationalist ideology. (Shillony 1981, pp. 157-159)

It might seem that the connection between fascism or fascist ideology and measures to improve or expand the population were obvious. In Italy, for instance,

Many of the most outspoken advocates of population increase were eugenicists and racists. One of the founders of eugenics, Achille Loria, contended that a ‘white European’ represented a ‘social capital at least ten times superior to that of an Oriental.’ That the ‘yellow races’ of the East should reproduce with such vigor was a threat to a Europe committing ‘race suicide.’ Carlo Francesco Ferraris argued that any nation

which did not criminalize contraception and abortion was destined to become an impotent ‘eunuch race.’ A former socialist, Napoleone Colajanni, wrote *Latins and Anglo-Saxons: Inferior and Superior Races* in 1906, a work which fused Marxism with eugenics. Because of the obstacle of belated nationhood and industrialization, he asserted, the ‘Italic race’ could compete with great powers only by accemperating the pace of economic development. Even a liberal politician like Francesco Nitti declared ‘Latin fecundity’ to be a civilizing force which would inspire the rebirth of a second Roman empire. The revolutionary syndicalist, Paolo Orano, who later became a supporter of fascist race laws, called condoms a tool of international capital and a ‘bourgeois conspiracy’ to keep ‘proletarian Italy’ weak. National survival depended upon whether future generations would produce enough workers and warriors to create a powerful New Italy. Pronatalism captured enough so much support and cut across traditional party loyalties because it sprang from a well of frustrated national sentiment. (Quine [1996](#), pp. 34-35)

Italy borrowed from France’s newly instituted taxes on bachelors and couples with no children;(ibid., pp. 40-41. Rather than acknowledge the debt to France, of course, the Fascist regime insisted that its inspiration was a policy of the Roman empire.) a device which allowed regressive taxation to be combined with pronatal incentives. Although concerns over the population were widespread, the relative focus on “positive” vs. “negative” eugenics differed more by historical culture than

by politics. Italy and France pursued a positive agenda of population increase for the whole population, while Germany, Britain, and America sought to sterilize the unfit. (Quine 1996, p. 66-67) Eugenic movements were popular in all the Baltic states, but strongest in (Lutheran) Estonia and most limited in its ability to institute negative measures in (Catholic) Lithuania. (Felder 2013) “There was nothing particularly ‘Nazi’ or ‘fascist’ about the Third Reich’s sterilization programme. Inspiration for it came from the United States where overtly compulsory sterilization found its way into state law.” (Quine 1996, p. 116) ‘

4.6.3 The cult of personality

Aristotle Kallis notes it as a “puzzle” that regimes characterized as para-fascist should have invested so much effort in leader cults when the leaders themselves were rather uninspiring, the effects were so marginal, and pre-existing modes of legitimation were available and, for the most part, continued to function perfectly well. (Kallis 2006, p. 33) In Japan, fascist movements in possession of a leader cult would have found themselves hard-set, but also redundant, by the role of the emperor, who was placed in a role of serving to charismatically represent the nation and state. (Sottile 2004, p. 20) Traditionally, the emperor has been seen as a relatively passive force, who payed active attention to policy questions and very occasionally intervened – when the cabinet was divided, and in the direction of deëscalation – but never contradicted the decisions of a united cabinet. (e.g., Shillony 1981, pp. 37-38) More recently, it has been argued that the emperor Shōwa played a more

active role in guiding policy goals. (e.g., Bix 2000) Regardless, we can say that the administrative and charismatic functions of the leader were largely separated – even General Tōjō, who achieved the heights of administrative centralization, never sought to develop charisma and duly surrendered his office when asked by the rest of the Cabinet – but this was not unusual in a comparative sense. Probably it is the fusion of the administrative and charismatic roles – for instance that of Mussolini, who served both as *duce* and personal head of dozens of Ministries – that was unusual. But this similarity should not be exaggerated either; because clearly some Japanese fascists found this division unacceptable. For Nakano Seigō, Tōgō was an unacceptably bureaucratic leader who ought have assumed a charismatic role if he wished to give Japan the leader it deserved. (Shillony 1981, pp. 46-47)

4.6.4 Party-states: real or for show?

Although the model could boast political success stories (at least in terms of seizing state power,) two of the only “true” party-states (featuring a movement-party which was brought to exclusive official power after its founding) were founded in the aftermath of the – three of the only four if we count the Koumintang. The next, and only further noncommunist, case would be that of the *nsdap* in Germany.

Something of a defining feature of parafascism has been the creation of top-down organizations created for the purposes of mobilization, such as the National Renaissance Front of Romania’s brief royal dictatorship, Imperial Rule Assistance Association of Japan, Fatherland Front of Austria, and others.

Like a proper single ruling party, the single *non*-ruling party could serve as a mechanism for mobilization, recruitment, and ritual. But a weakness of any mandatory single party created to shore up an existing regime, especially in the area of recruitment, was precisely that there was no risk to joining. In the traditional totalitarian parties, membership in lean times served as a credible signal of ideological commitment, and once in power, true party-states, while not neglecting to recruit new friends, and while invariably changing much of their ideological character in order to do so, nevertheless always distinguished between those who had joined the party during the years of struggle – the Old Bolsheviks, *Altkämpfer*, or *fascisti antemarcia* – and fair-weather friends. The “parties of concentration,” by contrast, came into existence in power, and thus joining them could not serve as a selection filter for committed cadres. And they tended to not be very selective, in any event, taking on all and sundry as members. These were, for the most part, parties for show.

4.6.5 Paramilitarism

The extreme right stands out for its glorification of paramilitary violence *as such*, and for the incorporation of paramilitary aesthetics into its ideological “plumage.” Michael Mann has gone so far as to define paramilitarism as one of the five core features of fascism. (Mann 2004, pp. 16-17) However, it does *not* stand out for its actual development and deployment of paramilitaries. Everywhere that the political situation was unstable and party identification high, parties formed militia.

In Weimar Germany, there was the fascist *Sturmabteilung*, conservative *Stahlhelm*, social democratic *Reichsbanner*, and communist Red Front-Fighters' Association. In Austria the fascist *Sturmabteilung* again, conservative *Heimwehr*, and social democratic *Republikanischer Schutzbund*. Nor were leftist groupings merely formed in reaction to the right's; in Estonia, for instance, the parafascist *Vaps*' fighting units were only formed in response to disruption by the Socialist "gymnasts." (Kasekamp 2000, p. 87)

Even at the level of "plumage," it is necessary not to exaggerate the uniqueness of (e.g.) the adoption of general youth organizations with quasi-military aesthetics, which were popular in the liberal sphere through the scouting movement and in the Soviet Union through the Komsomol.

Regarding the functions of paramilitarism, Mann emphasizes it as a strategy "entwined with... electoral struggle and [with] the undermining of elites," (Mann 2004, p. 17) both of which are true but hardly exhaustive, and even misleading insofar as paramilitarism was often most appealing as a strategy to *undergird* elites in exchange for their support. This is especially true in Italy, where a movement springing from such paramilitarist action first achieved (limited) state power. Before they ever were clearly involved in electoral politics, the *Fasci di combattimento* suppressed restive Red workers.

4.7 Limits to radicalization

4.7.1 Ideological limits

Although they differed in the content of the social transformation which they wished to accomplish, liberals, radical Catholics, and social democrats all faced a common problem: while they each wished to radically transform social relations, they were precommitted against sufficiently ruthless implementation of the same: Catholics emphasized the limits on the state's right to interfere with pre-existing corporate relations in society; liberals the abstract rights of the individual; social democrats the necessity of winning democratic consensus for the social transformations they wished to accomplish. (Botz [2017](#), p. 161)

Did this reflect a failure of nerve? A coöptation by existing elites? Genuinely held convictions arising naturally from their prior intellectual commitments? No doubt all three. However, such defensive disavowals are not inherently irrational – they function as a semi-credible signal of trustworthy conduct to other actors. As such, they necessarily entail a willingness to forgo some opportunities that may arise later.

4.7.2 Political limits

Radical rightist governments embedded in a conservative state needed to play a careful balancing act; they had, generally, accepted limitations on their independent action (through paramilitaries and the like) in exchange for recognition by the state.

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understood the barriers which curtailed him and once he became prime minister he knew which he could remove and which he could not... [He] did not have the resources to change the political system built up (or revived) by Bethlen, or to sideline the churches and economic interest groups. It is also questionable whether he would have been able to control the law enforcement bodies to meet the requirements of a fully fledged dictatorship.

His political tactics were impelled above all else by a desire to hang onto power. He tried to strengthen his position while making as few enemies as possible. Thus, he abandoned his open antisemitism and withdrew the bill to create a corporate system when these led to protests. He did not recruit a party militia or youth groups. He did, however, initiate staffing changes in the ministries, administration, and diplomatic service, as well as conducting a large-scale transformation of the governing party. While he did not have much hope of introducing a totalitarian dictatorship, building up a totalitarian party was one of his most serious intentions. (Zeidler [2011](#), pp. 134-135)

4.7.3 Structural limits

The structural limits to rightist radicalization are best appreciated in the peacetime case where that radicalization, with the exception of corporatism, went

furthest: Nazi Germany. Here, as we have discussed above, all major factions of the right acquiesced to the National Socialist movement, which quickly and decisively destroyed the possibility of organized opposition. In successfully uniting all possible factions of the right, and preventing the possibility of organized political action through any means other than the official channels of the central state. It is, ironically, this superlative achievement of totalitarianism which allowed for its equally famous polycratic sclerosis.

Insofar as radicalization demanded the subordination of the economy to war aims, the political opposition of the conservative bourgeoisie as well as the objective limits of the economy itself came into play. This was a consistent problem for the Japanese and especially German empires, which were forced to move forward simply to recoup a “profit” on their investments in war materiel. During the brief period of Nazi peacetime rule, autarkic economic policies, the reallocation of civilian income from labor to capital, and the reallocation of income from civilian to military purposes combined to produce a progressive degradation of nutrition and health outcomes among the German population, even the portion enjoying the status of able-bodied and “Aryan.” (Baten and Wagner 2003)

4.8 The Japanese economy

It was in the reaction to the Depression that some of the enduring features of Japanese economic life appeared, most importantly the cartels, subjected to consolidation and rationalization via the 1931 Important Industry Law. (Gao 1997, p.

26)

Direct control was asserted and pursued by segments of the state. Due to the constraints of the economic situation and resistance of the private sector, however, many policy measures were altered or even failed. The rise of Japanese developmentalism in 1931-45 did not occur peacefully; the process of transformation was full of resistance and conflicts (Hara 1995c). As a result, in comparison with the socialist program adopted by the Soviet Union, the control of the Japanese state over the economy did not take the form of nationalizing property; the operation of the managed economy was still based on private ownership. In comparison with the New Deal, however, the Japanese state established much stronger control over the economy through both direct bureaucratic intervention and nonmarket governance structures, no matter how incomplete it might be. (Gao 1997, p. 28)

According to Gao, the development of the economy during the 1931-45 period can be subdivided into

1. *1931-1937, under the Important Industry Law*, wherein the state's strategic direction of the economy was pursued indirectly, through subsidies and monopoly protections for favored industries, who would then take initiative.
2. *1938*, where the National Mobilization Law placed decisions much more directly under the control of state planners,

3. *during the general Pacific War*, where state direction was strengthened further still.

Private property during the period of war planning has been described “as little more than a legal fiction” (Morck and Nakamura 2003), a “rigidly centrally planned economy” that was “little different from Russia in the 1920s,” (Morck and Nakamura 2005, p. 414) but as pertinent also to 4.9, this places the emphasis entirely on price-setting and the mechanisms of finding technical efficiency, rather than rights to profit and control over the workplace – in other words, it fails to distinguish between markets and property in a way that is crucial to the fascist understanding of capitalism. And even this former dimension has been exaggerated. The state’s institutional competence to carry out the functions it proclaimed in practice has been questioned. (Miwa 2015, see) Certainly it did not do so alone – the official cartels continued to be run by the pre-existing *zaibatsu* heads. (Shillony 1981, pp. 4-5) And the large private banks continued to direct investment decisions on a profit-motivated basis. (Baxter 2007)

Much as in the German case, contact with an unexpectedly superior opponent in war forced the Japanese military bureaucracy to consolidate, become more efficient, eliminate overlapping zones of authority. These reforms, carried out as the World War shifted towards a clear Allied advantage, were basically coeval with Speer’s, and had similar effects – a significant improvement in material capacity that was nevertheless insufficient to beat a superior Allied mass. (Shillony 1981, pp. 30-31 for a brief look at interagency conflict and the efficiency gains from consoli-

dation)

4.9 National Socialism's international capitalism

The late Weimar and Reich economy went through several stages, which we can characterize as the unresolved depression, the Schacht or rationalized monopoly capitalist period, the Göring or kleptocratic-militarist period, and the Speer or wartime planning period. ⁷

⁷A caveat regarding what is to follow, specifically the device of characterizing periods in terms of the names of their participants – Schacht, Göring, and Speer. This is of course a simplification in two distinct senses: first, that I am making ideal types of these moments or periods, which were of course very complex and heterogeneous, and secondly that I am styling them under the names of their most important participants, which might create the impression that the individuals – the Great, or in some cases, rather Less Great Men – are the ones driving the action. Against this I would like to emphasize that the structural factors are intended as the driving factors.

The illusion generated by this naming convention is in some cases especially appropriate and in other especially inappropriate in the case of the Third Reich. Appropriate, because National Socialist ideology emphasized the “leadership principle” and the driving will of great men; inappropriate, because the leadership principle paradoxically led to a polycratic, schizophrenic division of labor, with overlapping fields of jurisdiction, many different sub-Führers having the ability to issue blanket (and often, for the same reason, not deeply thought out) decrees in the same field. The famous Nazi preference for legal appearance did not actually extend to having excellently coherent legal frameworks for their action – it was only necessary that a law could be pointed to for any given action, *not* that the law in any sense clarified what action could be taken. (Carl Schmitt's theoretical writings emphasize how this was necessary in the limit and a nomocratic legal order is in some senses self-contradictory or at least incomplete, requiring decision at some point to be made by willful leaders – however, the National Socialist state allowed this “prerogative

Throughout these we can see several secular trends:

1. the increasing involvement of the state in the economy
2. the increasing role of armaments production
3. the increasing mobilization of the workforce
4. the growth of bureaucratic against “entrepreneurial” and private elements⁸

4.9.1 The unresolved crisis, 1929-1933

In the first years after the Wall Street crash, there were several great difficulties, some of which were faced by all countries after the Crash, and other which were unique (or at least especially emphasized) in the case of Germany. All countries had to deal with increased unemployment or, more precisely, a situation in which investment in new production (and hence diversion towards the wage bill) was low because state to grow immensely large in proportion to the “normative state,” far beyond what the simple logic of a contradiction of a fully normative state would allow. This is mostly a separate issue of administration, however, and has been dealt with ably elsewhere.) This is especially important for understanding the nature of the middle or Göring’s period.

⁸In the transition from Göring to Speer this can be said to take the form of forcing the bureaucrats to become less entrepreneurial! Additionally, “The influence of the technocracy grouping grew sharply after the concentrated efforts at rearmament accelerated in 1936 and especially after the Lightning War (*Blitzkrieg*) failed in the winter of 1941-2. As we shall see, scientists and engineers benefited as the technocratic grouping within the cartel grew more powerful. . . by the end of the war and the ‘Thousand Year Reich,’ technocracy – and with it science and engineering – was emerging as one of the most powerful and last pillars of the National Socialist State. (Renneberg and Walker 1994, pp. 8-9)

consumers did not expect to have the money to spend and in which consumers did not expect to spend because they did not expect to acquire jobs through increased private investment in production. Very many countries, certainly Germany, had to deal with the resurgence of social radicalism and the possibility of a Communist revolution. In the German case, there were two additional factors to consider, monetary in nature. First, because of the hyperinflation of the early 1920s, any German government was acutely concerned with avoiding the appearance of hyperinflation, which meant that the possibilities of expansionary monetary or fiscal policy were less available, or less quickly endorsed, than they otherwise might have been. Further, there was a balance of payments crisis – beginning with the Crash and coming to a mathematical head almost precisely after the appointment of Hitler as Chancellor, German foreign currency reserves were dwindling. This further set limitations on the solutions that could be offered to the crisis.

During the period between the Wall Street crash and the *Machterbegreifung*, rule by presidential decree became increasingly common, including governmental power to arbitrarily break the power of strikers. (Neumann 2017, pp. 131-134) “German industrialists also repeatedly declared the ‘bankruptcy of parliamentary government’ and criticized even Brüning’s government for continuing the republican government instead of establishing a right-wing authoritarian regime.” (*ibid.*, p. 132)

4.9.2 Rationalized monopoly capitalism, 1933-1936

The first period of the Third Reich, economically speaking, concerned itself with the solution to this crisis. In fact, in the long term, we can see it as following in many respects a linear, teleological course towards the conclusion that would in fact be reached – mobilization and armament in order to best the world at war. However, what distinguishes this period is that, up until the point of around '37 or so, these goals – resolving the crisis in a “normal” way and marching towards World War – were in fact compatible. They both entailed increased state involvement in the economy to solve the employment problem, the diversion in particular of production away from consumer and towards “final” goods which the state would make use of, and the strengthening of capital as against labor. The problem of employment and of socialist radicalism were logically distinguishable but necessarily intertwined.

Both the goals of the radicals and of the monopoly capitalists converged in a policy of forced suppression of wages (abetted by the destruction of their common political enemy, organized labor) and public works programs that would raise productivity while preventing the undue diversion of output to worker consumption. Such programs as the Autobahn as various other state prestige projects were able to accomplish this – to achieve full employment without the destruction of the capitalist system through undue demands by workers. The investments that would have been needed to engage in re-armament were made, and from the perspective of even the most pacifically-inclined capitalist, this was to the good: recall Keynes' comment that in conditions of mass unemployment it would be better to bury checks beneath

a pit of rubble and let people sweat to pull them out than for the government to do nothing.

And, moreover, many German industrialists *did* have nationalist motives, in two senses. The first was the rather banal sense in which most of the German upper and middle classes (and to be sure many of the working class as well) held “ordinary” national pride, national preferences, and so on, and would rather Germany be comparatively powerful than comparatively weak. The second and more important sense is the specific interest many fractions of German capital had in a relatively strong German state. Prior to the Great Depression, German capital could be roughly politically divided into the commodities industries – metals and grains, most prominently – which favored protectionism and more finished-goods industries which preferred a policy of free trade. (Sohn-Rethel 1987) (This was, as in the English case, only rational for a highly industrialized country which had a comparative advantage in highly capitalized, high-skill products.) However, with protectionism propping up everywhere, industries which were formerly interested in free trade (and which still might have preferred it as a first policy, were universal free trade possible) now became interested in formal imperialism or something like it, especially when they depended on raw materials which might not be available for political reasons elsewhere.

The policies of the “first” Nazi period necessarily ran into problems – both external and internal – in part created through its own successes.

4.9.3 Military capitalism, 1936-1941

The internal problems related to the overheating of the economy. Despite the policies of artificially overvaluing the Mark and of depressing wages, the full employment economy meant that firms frequently were forced to increase wages under the table. The dynamics, though, are perhaps better appreciated by putting them in real terms: the increasing diversion of production towards government consumption goods (that is, weaponry) rather than capital goods undermined the continuing ability of the state to engage in armaments production itself. This was expressed in the increased cost of various factors (wages, as noted, but even more so machinery, and so on) pushing producers out of capital goods production and towards armaments production. For this reason, it would soon become necessary to choose either to gear towards war within a few years (and thus make the armaments “productive” through expropriation) or, on the other hand, to acknowledge that the armaments had played their necessary Keynesian role towards the recovery of production and the solution to the initial capitalist crisis, and reorient the economy towards normal pacific behavior and the expansion – rather than just re-utilization – of capacity. Identifiable fractions within the German state and capital (now more closely intertwined than ever) emerged which favored one position over the other.⁹The military leadership was as divided as were leading industrialists – both of them harbored fractions who preferred radical expansionism as well as a more conservative course. However, the existence of radical party ideologues who unhesitatingly preferred the

ultra-expansionist *Lebensraum* course may be seen as relevant here.

The terms of this debate, however, cannot be properly appreciated without an understanding of the external factors that were under consideration. At stake were several things: food sovereignty (so decisive in the Great War), strategic material access, the balance of payments and terms of trade, and in general economic independence of the world market that was understood as under the control of liberals, fantastically represented through the figure of the Jew. For Hitler, starvation was a Jewish weapon; through their control of the sea and the world market through English and other powers, they could starve to death those whom they could not defeat in open combat. (Snyder 2015, pp. 6-7)

The external problems related to the balance of payments issue and strategic questions of trade that emerged at the very beginning.

Germany had plenty of reason to prefer increased volume of trade with the Balkans regardless of the terms of trade, which was one reason why strong export subsidies were embraced by the National Socialist government (see also section 5.4.2). The second reason was that, because it did have this need to increase exports, but because its history of hyperinflation meant that a devaluation of the Mark would be politically dangerous, it would have to encourage them by other means. The third reason is the general “crony capitalist” nature of the ruling coalition, which would be dramatically exaggerated in the period to come – the government was happy to engage in corrupt practices that increased the profitability of the leading corporations in exchange for their surrendering a great deal of autonomy to it. For all of

⁹Overy (1985) talks about how heavy industry opposed this change.

these reasons, Germany increasingly moved in to the Balkans, which threatened two other great powers – one considerably greater than the other – Britain and Italy. For their own reasons, however, Britain and Italy were willing to slowly acquiesce to this growing influence. ¹⁰

These international exchanges were increasingly conducted in the form of clearing agreements, which had several important effects on the political economy of trade. A first effect was to increase the “crony capitalist” character of the period, and the autonomy of national governments which fascists favored, because the state then had a greater capacity to pick winners and losers (though objective economic and strategic considerations did of course greatly expand what they needed.) Clearing agreements, in turn, were necessitated by the expiration of Germany’s cash reserves and by the increasing protectionist nature of the period in general, which was politically self-reinforcing.

Britain’s strong capital-exporting orientation remained during the period, if slightly weakened, while Germany’s position (like France’s) among capital exporters had vastly deteriorated. (Hehn 2002, p. 10) It was America that picked up the slack, by underwriting (for the long period of the twenties) the war guilt payments that were so sent to France and Britain.

The conflict in Spain can be seen as an extension and indeed intensification

¹⁰It ought of course be noted that these were of very different kinds – Britain seeking economic exploitation without political leadership, Italy seeking irredentist aims, and Germany (at least during this period) being primarily interested in status as a geostrategic hegemon and economic exploiter, which overlapped with each.

of the conflict occurring over the Balkans, with some of the same actors having some of the same roles (but not all.) As in the Balkans and Central Europe in general, and indeed everywhere, France and Russia worked as the archenemies of Germany. Britain owned a great deal of capital in Spain, but with the success of the nationalists, much of this (primarily mines ownership) was transferred to Germans as payment for their military support, which was offered on the dearest of terms.¹¹

4.9.4 Re-rationalized planning, 1941-1945

The dynamics of the Nazi economy once the war was in full swing are largely outside the scope of this project. However, I touch on them in [5.6](#).

4.10 Chapter conclusion

In all of these cases, we can see the emergence of cleavages for and against radical-right corporatism, in which the interests of the ruling classes forced them to break either left or right in response to the general crisis – break right, and accept one set of allies and policies; break left and accept another group. While bourgeois forces everywhere were wary of communism, those with greater capital mobility or export orientation were more willing to remain loyal to international liberalism, while those who stood to benefit from protectionism or were otherwise inextricably connected with the national state turned to it against the global market.

¹¹By contrast, the Italians, who appeared to be engaged in prestige belligerence, and were in less of a position to charge for their comparatively less impressive troops and equipment, were engaged in more of a charity venture for the sake of inter-fascist solidarity. (Barbieri [2015](#))

To discuss these trends further, it is necessary to examine the international situation more broadly, and some of the dynamics particular to it. All of the decisions were, after all, made in the context of specifically international factors – terms of trade, risk of war. . . – that were made in the context of what *other* political actors were likely to make in the world-system. The chapter presently concluding took these behaviors for granted, but their full patterns can only be seen in dynamic reaction to each other. In the next chapter, we will examine these more closely, focusing theoretically and empirically on transformations in relations between states.

Table 4.1: Dictatorships and Corporatism in Europe, 1918-1945 (Pinto 2016, p. 10)

Country	Regime	Type of Party System	Social Corporatism	Political Corporatism
Austria	Dollfuß-Schuschnigg ('34-'38)	Single	Strong	Strong
Bulgaria	Velchev ('34)	No	Strong	Strong
	royalist ('35-'40)	Dominant	Weak	Weak
Croatia	Ustaše ('41-'45)	Single	Medium	Strong
Estonia	Päts ('34-'40)	Single	Strong	Medium
France	Vichy	No	Strong	Weak
Greece	Metaxas ('36-'41)	No	Medium	Weak
Germany	NSDAP ('33-'45)	Single	Medium	No
Hungary	Bethlen	Dominant	Weak	Weak
	Gómbös ('32-'35)	Single	Strong	Medium
Italy	Fascist ('22-'43)	Single	Strong	Strong
Latvia	Ulmanis ('34-'40)	No	Strong	Medium
Lithuania	Smetona ('26-'40)	Dominant	Strong	Weak
Norway	Quisling ('40-'45)	Single	Medium	Medium
Poland	Piłsudsky ('26-'35)	Dominant	Weak	Weak
	Piłsudsky ('35-'40)	Single	Strong	Strong
Portugal	Sidónio Pais ('17-'18)	Dominant	Weak	Medium
	Salazar ('33-'74)	Single	Strong	Strong
Romania	royalist ('37-'40)	Single	Strong	Strong
	Antonescu ('40-'44)	No (after '41)	Weak	No
Slovakia	Tiso ('40-'44)	Single	Strong	Medium

Chapter 5: The Widening Gyre, 1929-41

Self-sufficient nationalism in economics is the death-knell of advancing prosperity. . . International co-operation is the best way forward to national recovery. Ramsay Macdonald¹ In the last chapter, we discussed the domestic reactions to the Great Depression, including the “reactions to the reactions,” forcing existing class alliances to move left or right. In this chapter, I examine similar processes taking place at the international level which, together with these new dynamics at the domestic level, pushed the international system closer and closer towards total breakdown, leading eventually to war and reconstitution. ²

These processes of interaction between states, and among the various regions of the world economy, led to a vicious cycle. The four horsemen of authoritarianism, nationalism, militarism, and autarky each spurred each other on.

Liberals, socialists, and fascists were all well aware of this, and indeed of

¹Clavin 1996, p. 3.

²Separating these effects into “national” and “international” categories is purely a matter of (in)convenience, and just as the previous chapter made numerous references to the international environment, domestic politics and factors will come to the fore here. A certain amount of arbitrary decision was involved in determining the position of anyone one thing. Perhaps a different organization would have been better; the current one simply reflects my estimation of the best set of trade-offs.

the ways in which previous implementations of liberalism allowed for breakdown in this way, although they interpreted this process differently. For liberals, these self-reinforcing processes were far from inevitable, but they did require both immediate containment (which these liberals found themselves poor at coordinating) as well as a rethinking of liberal institutions themselves to create a version of liberalism that would maintain the commitments of their political ideology – to maintaining an environment of capitalist accumulation aside individual freedoms and international cooperation – without possessing the same vulnerabilities (at which they would be more successful, at least for a time, after the war.) Socialists and fascists were more likely to view these processes as reflecting the inner contradictions of liberalism. For the most committed fascists, this meant the rejection of utopian fantasies of eternal peace, material accumulation, and the ends of history, all of which were incompatible with human nature; men would again enjoy the dynamism of war and the belonging of community. For socialists, these processes reflected the inherent contradictions not of peace and plenty on their own, but their insufficient realization through the shell of capitalism. The capitalist world-economy simply could not deliver these things.

Of course, most historical actors were not any of these pure types. Fear, as we have discussed, inspired many of the more pragmatic capitalists (or those with particular interests in the national state) to cooperate with fascists in defense of private property. Fear of war, repression, or deprivation inspired the more pragmatic trade union movements (or those with particular institutional embeddedness within liberal coalitions) to ally with local liberals to rescue as much of the status quo ex

ante as was possible, and where possible to wrench forth additional concessions along the way – concessions which were generally compatible with the vision advanced by the revisionist liberals. Some of these alliances, again, were examined in the previous chapter; they loom large in this one as well. In particular, we should not be surprised to see the right wing of labor and left wing of liberalism in the most advanced countries – both the intellectual circle Ashworth (2014) identifies as the “interwar liberal socialists” and the Labour Party to which they were connected, parallel elements in the Democratic Party in the United States, as well as the Popular Front coalition in France – acting as the most interested parties in the maintenance of an international liberal order, even if a sustainable version of that would require more redistribution of property than had been traditionally seen as acceptable by liberals, and less than had been aspired to by socialists.

5.1 Virtuous and vicious cycles – democratic and commercial peace

Democracy, peace, and trade – and, conversely, autocracy, war, and autarky – each reinforce one another. Since a tremendous literature has grown up regarding the relationship of each of these to each other, I think it is less worth dwelling on any particular relationship (except insofar as they have a connection with especial aspects of our thesis) than to establishing a sense of how they have been connected to each other as a whole.

Bader, Grävingholt, and Käster (2010) argue that authoritarian states, like democratic states, have an interest in promoting similar regimes among neighbors,

at least when international stability is sufficiently low that regime promotion would not ruin a stable environment. Thus, the mere co-presence of instability and authoritarian transformation could become self-reinforcing.

Democracies trade more,(Morrow, Silverson, and Tabares 1998; Yu 2010; Aidt and Gassebner 2010) and are more likely to enter into trading agreements. (Manger and Pickup 2016)

According to democratic peace theory, democracies are less likely to go to war, especially with other democracies. Democratic peace theory might potentially explain not just peace but internationalist agreements, “since every major internationalist project undertaken between 1870 and 1945 was proposed by a democratic state.”(Narizny 2003, p. 3) Leo Blanken argues that, because autocracies are superior at diverting resources from conquest towards select supporters, rather than diffusing the benefits through public goods, it is rational for them to acquire formal colonies, whereas it is rational for open governments to only directly acquire new territories when they cannot economically exploit them through normal market processes – in other words, while liberal hegemons prefer informal imperialism and only resort to formal imperialism when necessitated by circumstances, autocratic hegemons are likely to engage in formal imperialism whenever they have the opportunity to do so. (Blanken 2012)

Trade, in turn, is often seen as leading to democracy. Trading openness (López-Córdova and Meissner 2008) and free trade agreements (Liu and Ornelas 2014) are seen as improving the political prospects of democracy. Acemoglu and Robinson (2006, p. 340) argue that economic integration makes democracy less

redistributive and therefore more amenable to elites, because integration – alongside other factors that increase capital mobility – expand the exit power of capital. (Garrett (1998) argues against this sort of thesis, and claims that trade has been good for social democracy.) If this is so, then a rapid decrease in mobility, or an increase in emblocment, could likely lead to increased support for dictatorship among elites.

Commercial peace theory predicts that states trading with one another will be incentivized not to go to war. In a review chapter, Solomon Polacheck and Carlos Seiglie aver that “the overwhelming evidence indicates that trade reduces conflict regardless of the proxies used to capture the gains from trade and conflict.” (Polachek and Seiglie 2007, p. 1065) Even doubters of the theory admit that the empirical work trends in this direction (e.g., Barbieri and Schneider (1999))

Exposure to foreign trade also makes regions within states less inclined to political nationalism. (Lan and Li 2015)

Peace is self-reinforcing insofar as expectations of war can reinforce each other, leading to the “security dilemma” in which states enter into arms races, and possibly even preemptive war itself, due to uncertainty about the intentions of each other. (Tang 2009)

Similar self-enforcing dynamics can arise if states like to trade with ideological partners, which apparently they do. (Dajud 2013)

To all of these factors, there are some sectorally-dependent political dynamics that can effect who ends up on what side of political coalitions, especially around the “emblocment” of trade.

Because comparative advantage is always an advantage compared to *some reference universe of potential trading partners*, different firms can find themselves at a high, low, or moderate degree of comparative advantage depending on the size of the economic sphere in which they find themselves. Moreover, this relationship to the size of the trading universe is not, as one might expect, monotonic – there can be discontinuities in terms of whether autarky, regionalism, or globalism is preferred. Because a high-capitalization, high-skill industry in a semiperipheral country will have a comparative advantage against competitors in peripheral states, and comparative disadvantage against competitors in core states, a “regionalist” political economy, whether pursued by peaceful means or by less than peaceful means, will be the first-order preference of these groups. In fact, this is precisely what happened in Japan, with heavy industry forming a key pressure group for imperial expansion and the development of a closed economy within this sphere. (Chase 2005)

Additionally, there are several reasons why traders with small states may prefer a more belligerent and less norm-governed foreign policy than traders with great powers. Smaller and poorer states are often less stable, giving great power interests a reason to seek “overstate” enforcement of their property rights; international norms most constrain (relative to anarchy) the behavior of powerful states towards less powerful ones; and war with smaller states is cheapest and least costly. By contrast, traders with great power customers or suppliers are most likely to favor international liberalism as a means of ensuring peaceful relations.³ Further, since democracy has

³Narizny 2003, , who offers examples of the same, particularly in the U.S. case. In particular, he

arms buildup,” or the action-reaction model. (Glaser 2000, p. 253) This should be distinguished from an effect which was also crucially important in this period, the active revisionist power that is building up its power because it wants to use it, and others who are reacting to its true intentions in this regard. (*ibid.*, p. 254) Whatever the cause, key developments resulted in the precipitous expansion of military expenditures over the course of the 1930s. This was a distinct development from the 1920s, even though the former faced the issues of imperial collapse and the awareness of the possibility of great power war. “[P]olitical disputes and technological developments caused friction between the naval powers in the 1920s, but these quarrels never threatened to initiate a return to all-out naval rivalry.” This changed “in the early 1930s, when the naval powers started to plan for, and rebuild, their fleets.”(Maiolo 2016, p. 93) “The position of land forces,” likewise, involved “stability” in the 1920s, “breakout” in the early 1930s, and a full-on “arms race” in the late 1930s. (Mawdsley 2016)

True to the expectations of democratic peace theory, democratic states armed themselves less in this regard during this period. (Eloranta 2017)

5.2 Things fall apart: the Depression in its international aspect

For nearly all countries, the immediate response to the crash was a curious mix of orthodoxy and heterodoxy – deflationary measures, intended to restore the confidence of the financial class in the solvency of government, combined with increased tariffs to satisfy the demands of (politically connected) producers. This was

arguably the worst possible combination of orthodoxy and heterodoxy that could be achieved, at least from the perspective of *later* orthodoxy; much of the post-war settlement would be devoted towards creating institutions that would enable nation-states to engage in countercyclical monetary policy while reining in these states' ability to place restrictions on trade. This combination of deflation and protection, while satisfying a motley but key assemblage of interest groups in the short term, aided the translation of a credit crisis into a crisis of production more generally (the effects of which loom large in the previous chapter.)

As shown on 5.1, while the average level of protection immediately prior to the '29 crash was broadly comparable to the prewar status quo – slightly greater in many cases, lower in others – protection levels established in response to it were drastically higher nearly everywhere.

Predictably, this was followed by a drop in trade volume.



Figure 2. World trade among trade and nontrade blocks. The trade blocks considered are the Sterling block (Australia, New Zealand, Denmark, Finland, Ireland, Norway, Portugal, Sweden, and the United Kingdom), Reichmark block (Austria, Germany, Greece, and Hungary), and Gold block (Belgium, France, the Netherlands, and Switzerland).

(from (Madsen 2001, p. 851))

Whereas the gold standard had made all currencies convertible during the liberal period, in its absence (and prior to the Bretton Woods institution of the dollar as a global reserve currency)

international monetary standards were replaced by currency areas or blocs: a residual Gold bloc, the Sterling Area, a group of inconvertible currencies tied to the Reichsmark, and another of currencies, mainly in the Western hemisphere, linked to the American dollar. The Gold Bloc countries... defended their gold parity until 1936. After the pounds 1931 devaluation, some countries, mainly from the British Empire and Scandinavia, linked their currencies to the sterling instead of gold. Besides Germany, the Reichsmark Bloc included Austria, Hungary, Romania, Bulgaria, Yugoslavia: mostly Central and South Eastern European countries (and it is in this area that the origin of clearing agreements is to be found). In general, countries that disengaged from the gold standard mostly relied on tariffs and import quotas to limit access to their domestic market, whereas countries of the Gold Bloc (while it lasted) followed different approaches: some of them... maintained free or largely free convertibility, while others, like Italy, adopted a growing set of exchange control measures. The Reichsmark Bloc relied heavily on exchange controls, a high degree of inconvertibility, and bilateral clearing agreements...

There were not always clear delineations among different currency areas... However, *dirigiste* commercial policies everywhere tended to focus on intra-bloc trades, while inter-bloc trades were discouraged by the measures described above. (Roselli 2014, p. 106)

Thus, the collapse of the gold standard (which was practically demanded by any nation-level Keynesian response to the capitalist crisis) and absence of Bretton Woods-style mechanisms to replace it led to a regionalization of trade, decrease in capital mobility, and increase in the power of the state – all of which played into the internal political attractiveness of nationalist policy.⁴

This meant the furthering of regionalization or emblocment. As shown in 5.2, emblocment significantly increased over the course of the decade between Black Friday and the Munich Accords.

Emblocment had increased before this as well, however. During the break in production that occurred in the First World War, America and Japan were able to significantly expand their access to nearby markets in the Americas and East Asia, respectively, stimulating heavy industry in Japan in particular. (Chase 2005, p. 55)

Although all states were drawn to an extent into emblocment, the reaction of

⁴One must really see the postwar currency settlement as one which was there to solve this fundamental problem – that is, of how to grant capitalist governments the power of active fiscal policy without maintaining common convertibility and at least relatively open markets. It is unlikely that this could have been achieved prior to the end of the Second World War, which discredited European nationalists, established America's military and economic preponderance among capitalist (and indeed all) states, and left the Soviet Union as an enlarged and emboldened threat to them all.

revisionist and status quo powers differed significantly. For Germany and Japan, the drive to autarky over their actual or aspirational “imperial zones” led to an attempt to change trading relations across East Asia and Central Europe, even to the extent of fostering a degree of import substitutive development among their peripheral partners (except of course the imports of Germany or Japan). Prosystem powers like Britain and France, even though they possessed far greater leverage over their peripheral zones through possessing them as formal colonies, allowed a greater degree of openness to them to them. (Elsenhans [1991](#), p. 280)

Industrial concentration in Japan allowed the zaibatsu to have outsized influence, meaning that those heavy industry sectors that most benefited from imperial protection were best placed to decide whether to have it. (Chase [2005](#), pp. 63-64)

5.3 The best lack all conviction: the status quo bloc

The protectors of the international system were, geostrategically speaking, America, Britain, France, and (against its will, as it were) the Soviet Union. In each, the willingness to do so would be a matter of internal political contestation, just as much as the reactions to the new possibilities of labor organization had been. And at least in the Western powers, political coalitions in the domestic and foreign questions tended to line up – the coalition of left-liberalism and right-labor which had forged class compromise in defense of political democracy at home was the same coalition interested in the defense of political democracy (and other key planks of liberalism) abroad. In Britain, a Labour coalition of the manufacturing

sector broadly speaking committed to collective security doctrines struggled against a conservative coalition in favor of greater segmentation and a separate peace with fascism. The center-left in France was, of all Western actors, most eager to search for rapprochement with Soviet interests against the revisionist aspirations of Germany (though it should be noted that, in comparison to English and especially American behavior, this evinces the greatest degree of continuity with previous *realpolitik*.)

If we look at the behavior of various national states solely through the lens of their historical traditions, no country should have been more inclined towards a strategy of *Großraum*-style emblocment than the United States. Throughout the nineteenth century, the US was committed to a three-pronged international strategy of land-based conquest, protectionist development, proud “ownership” over the Western hemisphere, and studied indifference towards everything outside it. (It is for all of these reasons that Carl Schmitt would see the proclamation of the Monroe Doctrine as the first formulation of *Großraum* as a concept in international relations, a relationship which he sought to extend as a general organizing principle.) With respect to its southern neighbors, it had adopted behaviors not too different from those of contemporary Japan and Germany, engaging in a simultaneous “counter-imperialism” of wrenching them from their previous spheres of influence whilst actively drawing them into its own economic sphere. Nearly all of this was in sharp contrast to the demands of political leadership it would be functionally demanded that it take up later. How did America move from being an archetypal *Großraum* power to the liberal hegemon, providing “public goods” to the international liberal postwar order?

The Roosevelt coalition also effected changes in relations with the Southern, and eventually Eastern, hemispheres. There was a

change in the perception of US national interests by foreign policy leaders in the United States between the presidency of Theodore Roosevelt and the inauguration of Franklin D. Roosevelt as president of the United States. The United States shifted from looking for justifications to go in there” and stay as long as possible, to looking for justifications to stay out. This shift was the culmination of the trend in post-Wilson foreign policy toward nonintervention and noninterference. Under President Franklin Roosevelt the United States renounced its right to intervene and interfere in the affairs of foreign countries in order to prove itself a good neighbor in the Western Hemisphere. Attempts at big-stick diplomacy were eliminated, and so too were attempts to exercise moral influence; even informal advice regarding the domestic affairs of foreign countries by American diplomats was prohibited. (Meiser 2015, p. 235)

The response to Europe evolved over time. The Democratic administration first viewed the rise of Germany as a threat to its economic interests in an economically open global order – itself a significant sign that it had already grown extremely internationalist in its outlook – then moved towards a brief policy of appeasement, although in a shallower form than British appeasement, covered later on; and finally an attempt to wake the American giant to its historically appointed task as global liberal hegemon. The ability of the New Deal coalition to pull this off

was significantly enabled by vastly greater American investment and merchandise surpluses with Europe, including among Republican-allied manufacturing interests in the Northeast, formerly a much more “nationalist”-interested group. (Trubowitz 1998, p. 108) This brought them more in line with the longstanding commitment of the Midwest and South to a more conciliatory politics internationally, which had long roots in the greater export orientation of those regions (Narizny 2003, pp. 10-11, 22-23), this forming the basis for an internationalist orientation to the New Deal coalition “right off the bat.”

As with other coalitions, intellectuals mediated some of the relationships between interests and behavior. Scribblers who had in the 1920s been warning of the need for stronger international institutions, and of the necessity for capitalist powers to create such things to prevent existential threat from wars – persons such as Isaiah Bowman – found themselves in power. (Ashworth 2014, pp. 144-146; Smith 2003)

In Britain, a deeper degree of period of appeasement was pursued by the center-right coalition which had a strong social basis in the financial sector. In addition to their leading position in Tory politics, the Bank of England had begun taking a leading role in the formation of a significant degree of British foreign policy after the end of the Great War, thanks to the role massive interpower debt obligations, edging out the Foreign Office to a certain degree and granting the City, like the American-established NGOs discussed earlier, a degree of independent power. (Anievas 2011, p. 607) If we have elaborated throughout on how finance is among the more “internationalist” sectors, why did the City adopt a posture of appeasement in the 1930s, when internationalism was most threatened. Several reasons

stand out, some more historically specific than others.

First, finance is not just internationalist in general, but especially averse to war. (Kirshner 2007) Financial interests in a great variety of political contexts have preferred the international economic stability associated with the absence of war.⁷

Secondly, in leading core states, the level of internationalism of different sectors is somewhat attenuated, because the interests of the local state and the interests of capitalism in general, or at least its liberal variant, are intertwined.

Thirdly, and most particular to Britain, finance was socially intertwined with the state and agriculture, wedding it to more traditionally provincial interests. This was the result of a “gentlemanly capitalist” (Cain and Hopkins 2016) set of expectations which regarded financial activity as more appropriate for gentlemen than manufactures, which were regarded as unduly connected with the plebian world of production. This reflected an overall constellation of interests in which Conservative governments were less export-oriented than Liberal and Labor interests, which were connected more intimately with northern manufacturing, leading to patterns of foreign policy differences dating back to at least the 1870s in Britain. (Narizny 2003, pp. 36-37) Additionally, German and British aristocrats, being the two main Protestant branches of that social class, were heavily intermarried and shared many other social links. (Urbach 2015, p. 23)

⁷As these reasons are especially applicable to great power war, they attenuate objections that might be made to the role of finance in the (supposed) “fit of absence of mind” of British imperialism over time, which typically involved attacking weaker states. See Cain and Hopkins (2016) for more on this claim.

The result was the infamous strategy of conciliation advanced by the Conservative governments over the course of the 1930s. Rather than seeing capitalist interests as most threatened by war, they saw them as most threatened by communism, and reacted accordingly. Montague Norman, governor of the Bank of England, sought to cultivate stronger economic links with Germany, seeing it as a sort of *antemurale Christianitis* against communism. (Anievas 2011, p. 617) English policymakers also believed, as their American counterparts did for a time, that increased trade with Germany would also benefit the “moderates” within the regime; they perceiving Hjalmar Schacht (correctly) and Herman Göring (incorrectly) as such. (*ibid.*, p. 619)

A further and more general reason for the partisan relationship towards war, but only under liberal democracy, is also at play: British state managers feared that labour would acquire a greater bargaining position in the event of war. (*ibid.*, p. 615) Additionally, they were less than eager to involve themselves too closely in concerns of production and, therefore, concerns of industrial disputes. (*ibid.*, pp. 616-616. Anievas connects this to the reproductive requirements of capitalism in general, which is false – as discussed in 2.2.8, this commitment to formal neutrality in labor relations is entirely specific to liberal variants of capitalism. However, that is indeed the variant of capitalism to which British policymakers were committed.) Capitalists in the fascist world, by contrast, could rely on direct suppression of the wage bill, and had much less to fear from the entrance of the state into such matters (though certain segments, especially those brought around Schacht, were worried about the diversion of investment from production.)

Although French behavior in balancing German expansionism was most consistent with both straightforward realism and its historical behavior, and thus the least necessary to explain, it is worth noting that aristocratic meddling hampered its ability to do this as well. British financial institutions, discussed above, wielded key disciplinary power over the French purse, and hence the possibility for rearmament. (Hehn 2002, p. 82) The French diplomatic permanent state, dominated by aristoi, engaged in a policy of filibustering and sabotage in Blum's attempts to aid Republican Spain. (Barbieri 2015)

5.4 The worst are full of passionate intensity: the revisionist bloc

While many capitalist states went down the illiberal path, the option of becoming a closed imperial power was only open to those with great power status in the first place. All *other* illiberal capitalist states, too small to have a chance of making sense under real autarky, would have to be incorporated into segmented world-imperial *Großräume* if they were to be rescued (or kidnapped) from the global liberal market. Those illiberal capitalist states which did possess great-power status (if, as with Italy, more in title than fact) were more than happy to rescue (or kidnap) them.

However, rescuing and kidnapping involved two very different kinds of temporalities. The acquisition of new formal colonies was – at the this late stage with very few uncolonized peripheral states left, and with concomitant new norms regarding the forcible acquisition of new ones – would, and indeed did, provoke general conflagration.

gration. Because Japan was a sort of last-minute entry into the phase of open liberal imperialism, it could pursue extensions of its existing projects moreso than entirely new ones. Prior to establishment of these kind of racialized zones, areas of both continuation and experimentation in barbaric exploitation, the fascist and parafascist great powers would seek to draw fascist and parafascist powers into their economic and geopolitical remit. But precisely because these new relations were based upon voluntary cooperation between countries (or, rather, between the rightist coalitions in leadership positions within these countries,) the incipient fascist powers could not style them on principles of maximum short-run exploitation. Instead, a “primacy of politics” often dictated that short-run profitability would be sacrificed in order to entice trading partners into a more exclusive relationship than might otherwise desired. This does not in (in itself) mean that principals supporting these regimes were acting irrationally; rather, the willingness or ability of fascist governments to think in the long term with respect to geopolitical questions was seen as one advantage of them. ⁸

5.4.1 Abortive imperialism: the Lira zone

Fascist Italy, like Japan and Germany, sought a *Großraum* through the triple methods of economic integration, military dominance, and social imperialism/settler colonialism. This, however, was notably less successful than those of its Axis partners.

⁸Closer to the end of this chapter, however, we shall discuss how the agents badly burned the principals.

In 1934, Italy worked with ex-Habsburg powers to establish the Rome Protocols, which would have entailed alliance against a rising Germany and economic cooperation between Italy and the ex-Habsburg powers, entailing a strong Catholic authoritarian alliance across the shores of the Mediterranean. Germany immediately recognized this as a threat and was, in fact, spurred by it to move immediately in its attempts to rapidly incorporate the Balkans. (Berend 2006, pp. 124-126)

The Rome Protocols were as offensive as they were defensive, however. 1932-33 had witnessed not just the accession of Hitler but Gyula Gómbós in Hungary and Engelbert Dollfuß in Austria, whom Mussolini saw as natural ideological allies. Both, however, were courting French loans, which limited the appeal of joining an Italian alliance with revisionist designs on the Balkans. (Burgwyn 1997, p. 72)

Ideological rivalry with Nazism within the fascist universe also inspired Mussolini to step up support for Southeastern European fascists, such as the Iron Guard, Ustaše, and Arrow Cross.

5.4.2 The Reichsmark zone in Southeast Europe: voluntary imperialism?

While Italy's attempts to create a geopolitical and economic zone were less than fully successful, Germany's were moreso. While this was not out of line with German imperial and even liberal plans for the creation of a sort of *Mittleuropa*, its success at doing so was. In this sense, the prospective National Socialist empire was the inheritor of transformations in the structure of trade going back to the

middle of the nineteenth century. While Central Europe had (under)developed as a breadbasket for the West, the expansion of European colonialism and its progressive incorporation of the globe as new peripheral zones allowed for the development of Central Europe as a core region in those regions with states most capable of committing to institutional reform and strategic trade policy, while simultaneously leading to a crisis of agriculture that formed the basis for reactionary politics in the region ever since. German leadership now sought to create a similar axial division of labor solely contained within *Mitteleuropa* itself, with ethnic German regions neatly constituting a core, certain ethnic groups brought in as allies to constitute a semiperiphery, Slavs placed into their etymologically proper position, and Jews expelled (at best) as a permanently disloyal alternative elite that would attempt to recreate internationalist institutions if given the chance.

Although Nazi Germany during the war was committed to an almost maximally exploitative and destructive policy towards the racialized territories brought within its colonial remit, its action towards its semiperipheral partners in Central Europe before the war contrasts with this quite strongly. (Ritschl 2001; Feinstein, Temin, and Toniolo 2008; Neal 1979; Kitson and Solomou 1995) Terms of trade improved for the Balkans vis-a-vis Germany during this period. (Hehn 2002, p. 225) Likewise with its core partners there is “no evidence of German exploitation of the Swedish economy during the interwar or wartime period.” (Hedberg and Håkansson 2008, p. 268) It was indeed this case that inspired Hirschmann (1980 (1942)) to make a distinction between the “supply” effects of trade on national, in which a material surplus is gained which can be expended, and the “demand” effects, whereby

materially benefiting partners can be induced to feel thereby dependent on the continuation of the trading relationship. Giving up some supply surplus in order to achieve a demand advantage over the long term makes sense where this “primacy of politics” effect is relevant. The dependence of these countries was the consciously seen goal of German policy, or at least of some German policymakers. “Germany’s intent with the agreement”, according to an internal German memorandum, “is to link the Hungarian economy strongly and inseparably to the German one by increased trade.” (Berend 2000, p. 319)

These favorable terms of trade should not be read as merely the result of market fluctuations. Market terms of trade improved for finished products against raw materials – if Germany had simply operating according to direct, marginal market logic, its trading situation would have *improved*. And the terms of trade were, rather than set through any sort of monetary medium, set in bilateral agreements in kind. What the German state sought in these agreements was volume at the expense of margin – fueling its re-armament – and greater exclusivity in its dealings, creating an economic environment which would be more consciously “world-imperial” in Wallersteinian terms.

5.4.3 Co-prosperity in East Asia

Japan’s strategies were similar to Germany’s in many respects, with the important exceptions that, as a late-game liberal imperialist power, it already had both colonial possessions and a slightly less brutal framework for thinking about

them, and that its ideological commitments frequently invoked a kind of soft-left anti-imperialism at the same time as it advanced straightforward imperialism. This reflected hypocrisy, but also the fact that Imperial Japan had drifted into parafascist, deep-state-led authoritarianism – stumbling into fascist solutions or adopting them by scattered officials seeking not to get assassinated – rather than ever being taken over by an incipient movement-state as were Italy and, more substantially, Germany. This also reflected – again, in a move that was as far from Italy in the same direction that Italy was from Germany – a willingness of the regime and former leftist intellectuals to make peace with each other. Former liberal and socialist critics of imperialism allowed themselves to submit to the process of *tenkō* or conversion to nationalism without ever really having any clean break with their previous commitments (assuming they had not been members of any communist party.) Thus, an unusually broad tent embarked on a project of world-imperial construction.

Japanese investment in its overseas territories rose from 1.5 billion yen in 1930 to 2.7 billion yen in 1936, (Sawai 2016, p. 2) and it intensified its trading relationships with its colonies. While this is consistent with the regionalization of trade that in general characterized the period, it was unique in that this was associated with significant economic growth. (Hori 2016, pp. 15-16)

Several trends stand out: the increase in growth, the intensification of the axial division of labor, and the transformation of relations of production along capitalist lines.

These followed existing trends. European-ruled Southeast Asia, which Japan

would seek to incorporate into its economic and political sphere, also grew quickly during the early twentieth century. (Booth 2008) Terms of trade that, as with Germany's partners, were better than might have otherwise come about also helped Japan's partners.

5.5 War aims of different fascist constituencies

As far as what our theories predict, we have attempted to deduce revisionist status from a few separate variables – the mobility of ruling coalitions of capital, position in the world-system, opportunities for expansion, and current possession of colonies. I will argue that the way this worked out in practice was necessarily messier, and we will have to take greater account of a few variables that I have cited as mediating – in particular, ideology – but that the data ultimately supports the account, predicting who ended up in the revisionist coalition.

Why would the has-not countries not simply support an end to formal imperialism? Part of the answer, of course, is that many constituencies did. This is particularly prominent in the case of the liberalism of many of the most important Japanese and German bourgeoisies in the 1920s.

The constituencies for fascist war were primarily the same groups that were the constituencies for fascism in the first place: the middle classes, especially the lower civil servants and upper peasantry, and the certain key industries, especially those with a comparative disadvantage in the world market and those with government clients, and much less so those with a strong comparative advantage on the world

market.

In particular, it is worthy noting that the advent of autarky could turn formerly internationalist constituencies into imperialist ones. Firms and industries dependent upon resources from outside of the political sphere of their state could get it through liberal trade – or from liberal acquisition. In other words, the preference order of some constituencies is (internationalism \succ imperialism \succ isolationism.) The German chemical firm IG Farben, relying on extremely advanced technology that could only be replicated in core countries, is a case in point. Farben and similar firms were adamantly in the Bruning camp of conservative liberals at the close the Weimar republic, and accurately saw the autarkic policies proposed by the Nazi party as a threat to their interests. However, once autarky was an established policy, Farben and similar firms became among the fiercest advocates, and temporary beneficiaries, of rearmament and war.

Social imperialism constituted another fundamental feature of fascist expansion politics. German, Japanese, and Italian politics all emphasized the opportunities for settlers to occupy new lands. This served several important purposes. First, there was the safety valve aspect. In Italy and Japan, colonial settlement proceeded apace before the Second World War even began. The results were horrific for the displaced and exploited populations of the territories annexed – but no more so than was the case for traditional liberal colonialism, on which they were modelled.

5.6 How successful was fascism at mobilization?

The question of the war itself, and the relative performance of the different countries in it, brings up several important questions. First, how effective were the new rightist forms of politics at mobilizing their economies into total war, relative to other actors? Second, if they were not, what are some plausible reasons that this is so? Third, and again if this is so, what are the theoretical implications of this?

To address the first question, to start, let us acknowledge the fact that prompted this question in the first place: fascists lost the war. They did so despite having almost the entire former central powers, plus Japan and Italy, in their coalition, and unlike in the First World War, the outcome was relatively clear even prior to American entry into the war.

Viewed from the viewpoint of raw might against raw might, of course – and most conflicts are won, quite simply, by the force with the greatest amount of materiel to bear – the null hypothesis would simply be that the extraordinary, and militarily-biased, growth of the Soviet Union’s economy since the First Five-Year Plan changed the calculus.

But we can delve more deeply into the numbers to see how successful different social orders were at mobilizing the resources they had created, moral or material. Empirically, democracies have higher-than-predicted unit-level combat effectiveness, although the reasons for this are disputed. (Reiter and III [1996](#); Biddle and Long [2004](#)) According to Richard Overy, the leading economic historian of WWII,

What gradually swung the balance of resources back in the Allies’ favour

were two factors: the sheer speed and scale of American rearmament. . . and the swift revival of the Soviet economy after the mauling it received in 1941. . . With only a quarter of the steel available to Germany, Soviet industry turned out more tanks, guns, and planes throughout the war than her enemy.” But this “huge disparity in weapons was due not only to American rearmament and Soviet revival, but also to the inability of their enemies to make the most of the resources they had. (Overy 1995, pp. 4-5)

Although there is debate over the degree to which Speer’s rationalization program, which involved mimicking major aspects of the allied procurement policies and pushed the Nazi economy in a more classically planned direction, was successful at making the Nazi economy more efficient, it was clearly too little, too late. And if it did succeed, it largely did so by forcing the economic model to more resemble the kind of planning and control exercised by the allies.

To address the second question, there are a couple of hypotheses which can be offered. First, fascism may have been uniquely bad at disciplining its own elites, partially for ideological reasons. Democratic and communist politics, based as they were upon egalitarian and materialist premises, viewed leaders as replaceable. In the Soviet Union, they were replaced with shocking and brutal regularity. Although Nazi Germany and, at least in theory, Fascist Italy, like the Soviet Union, were party-states, there was no equivalent of the Great Purge, or even smaller purges. Gauleiters and rases were simply not held to account in any way, and the result

was an explosion of inefficiency and corruption, especially in Nazi Germany, where the party was empowered to a degree not seen in Fascist Italy and there was no effort to clearly delineate the purposes of different branches of government – itself an ideological function of a commitment to competitiveness as promoting efficiency. (This existed among liberals, but a sense of the proper division of labor between the public and private sphere had tempered it.)

A related and more structural reason concerns the relationship between state and government. The chances of acquiring private profit in public expenditure which were unleashed through the economic commitments of fascism were uniquely suited to rent-seeking and inefficiency. These did not exist under Communism, and under democratic systems were disciplined to a degree because political concern and public scrutiny over the role of war profiteering appears to have disciplined the opportunities for rent-seeking among arms suppliers in Western democracies. (Eloranta and Wilson 2010) Fascism, with its distinct embrace of property and skepticism towards markets, may have been uniquely bad at this, willing to interfere with automatic market mechanisms (which would have carried out one form of rationalization) but unwilling to interfere with ownership structure or the opportunity to make profits. It was structurally committed to exactly the kind of rent-seeking corporations that decouple profitability from production.

To address the third question, *what is the significance of this?*, it's worth asking what this meant, or ought have meant, to fascists themselves, what it means to methodological questions of theory, and what it means to actors today.v What did the failure of fascism mean to fascists themselves? Some were willing to have some

of their core beliefs falsified, even if clinging to others meant they could not update towards anything likely to be the truth. For Hitler, at least if Speer's account of the supposed Nero Order is to be believed, the lesson was simply that rather than the Aryan being superior to the Slav, the Slav was superior to the Aryan.

What does this imply about historical methodology? It does, I believe, have some unwelcome implications for some of the methodological choices I have made regarding actors' expectations. Specifically, these expectations were wrong. This does not mean throwing out the whole rationalist project in historical explanation. Gambles often go wrong. But it does mean that we should always draw attention to whether groups might be making a calculated risk that goes wrong, or simply have poor access to information.

Finally, what does the military failure of fascism mean for other actors? Here the message is the brightest. For when a key expectation of advocates of fascism – that it would lead to military success – was falsified, it has very likely been a dissuasive factor ever since.⁹ There is a parallel element of this to the potential fascist constituencies of the future, which is the relative fate of historical elites amongst a highly empowered activist elite. The communists openly proclaimed that the former ruling classes would be wiped away. The fascists did not, and indeed, in many cases, did not. But the expectations of so great a proportion of the German bourgeoisie that Hitler would merely be another Mussolini were sorely

⁹This can, obviously, be compared to the belief that planned economies will not lead to economic growth, which has certainly weakened the appeal of communist ideology among state-builders in the third world.

mistaken. They lost political power (if not control over production or property, the sine qua non of themselves as a class) and a devastating war. Their gamble had become Hitler's and it was a gamble that failed.

5.7 Anarchofascism

As the tides of war turned, what began as a bid for conquest became a bid for survival. Further, the alliance between activist-intellectual and historical elites began to fray in all of the fascist countries by virtue of the former's clear inability to deliver to the latter the goods they had promised. Elite behavior under failing conditions, then, allows us to see some of what each party actually wanted; seeing their "backup plans" gives us a better appreciation of their utility functions and the nature of their relationship.

For Snyder (2015), fascist activists' genocidal goals could only be achieved in the wake of state destruction; that is, the power of the bureaucratic powers and the rule of law for which they stood (even when operating in tandem with the same fascist activists.) In places where the Nazi Party exercised the power it did through friendly conservative governments – such as wartime Hungary, Vichy France, or in many ways Germany itself – the existence of law provided a cover and a means through which reluctant elements of the regime could drag their feet, as in a sort of "work-to-order strike." In places where the state was destroyed, however, whether by them or first by the Soviet Union, the impediments to genocide were far fewer.

Likewise, when the benefits of law did not extend to certain social groups,

even within the state, it was as though their state had ceased to exist. For instance, Jews of Polish citizenship fared far worse than French Jews in Vichy France for the simple reason that the former were citizens and the latter were not. That Vichy was committed ideologically to antisemitism had less bearing on the situation than, as the government of France, it could not abandon protection of citizens without a blow to its prestige (that is, credible commitment to defend its subjects' bodies, lest it lose what legitimacy it had.)

Although the dissent of the officer class in e.g. Nazi Germany has been exaggerated by many authors, especially those hoping to exculpate themselves, it is certainly true that the rats began to flee the ship. The growing incompetence of the Nazi state proper led businessmen, technocrats, and the old guard generally into alliance with their theoretical opposite pole: the SS. (Mazower [2013](#))

This shift to total fascism through total war was only ever seen “organically” under National Socialism, which had developed parallel state institutions staffed by the most extreme activists:

Nazi Germany alone experienced full radicalization. A victorious war of extermination in the East offered almost limitless freedom of action to the 'prerogative state' and its 'parallel institutions,' released from the remaining constraints of the 'normative state,' such as they were. In the 'no-man's land' of what had been Poland and the western parts of the Soviet Union they put into application their ultimate fantasies of racial cleansing. (Paxton [1998](#), p. 20)

This radicalization also extended to Italy under the Salò Republic, but only insofar as it had functionally collapsed and come to be run as an occupation regime.

Anarchofascism can be seen, in many ways, as the fulfillment and purest form of fascism as an ideology and movement — here, the dreams of the activists were realized without any external political impediment.

5.8 Chapter conclusion

There are good reasons to expect virtuous/vicious cycle dynamics in international affairs. While scholars have disputed the exact significance of the relationship between trade, democracy, and peace, a plausible scholarship exists for the theoretical and empirical case for positive directions among all of these, while the negative case is primarily for skepticism or neutrality. Moreover, wave dynamics make these features correlated with themselves. All of these lead to a significant degree of path dependency.

Were these path-dynamic trendlines slightly different, it is very conceivable that a much smoother transition from the period of British to American hegemony would have been effected. This would have required new regulatory approaches to the world and national markets, as well as a more conciliatory policy to the old regimes elements than in our world. With the quick installation of the in Germany, however, whose leadership was credibly committed from the beginning to highly revisionist and maximalist foreign policy goals, there was not a great deal of time for this stabilization to occur. Nor were liberal state managers predisposed to

cooperate with one another until, or even after, this threat acquired clear geopolitical significance.

As it was, then, foundering immediate responses to the economic crisis alongside the installation of bellicose nationalism in many places led to a highly unstable dynamic. This dynamic tended towards war, and this tendency towards war launched a sorting process in which a coalition of revisionist states, which as noted was for the most part the coalition of corporatist states, came to challenge the global order. However, fascism was ultimately incapable of delivering on its promises of greater military might than could be summoned by “degenerate” “materialist” liberals or communists, and thus failed spectacularly.

Table 5.1: Average tariff levels, 1913-1931, % (Kitson and Solomou [1995](#), p. 200)

	1913	1929	1931
Germany	16.7	20.4	40.7
France	23.6	23.0	38.0
Italy	24.8	27.8	48.3
Belgium	14.2	11.0	17.4
Switzerland	10.5	16.8	26.4
Sweden	27.6	20.0	26.8
Finland	35.0	31.8	48.2
Spain	37.0	49.0	68.5
Austria	22.8	17.5	36.0
Czechoslovakia	22.8	31.3	50.0
Hungary	22.8	30.0	45.0
Bulgaria	22.8	67.5	96.5
Poland	n/a	53.5	67.5
Romania	30.3	42.3	63.0
Yugoslavia	n/a	32.0	46.0
United Kingdom	0	4.3	17.5

Table 5.2: Regionalization of trade, 1929-1938 (Kitson and Solomou 1995, p. 215)

country	economic bloc	% imports		% exports	
		1929	1938	1929	1938
UK	British Commonwealth, colonies, protectorates	30	42	44	50
	other "sterling" bloc ⁵	12	13	7	12
France	French colonies, protectorates and mandated territories	12	27	19	27.5
Belgium	Belgian Congo	4	8	3	2
Netherlands	Netherlands overseas territories	5.5	9	9	11
Italy	Italian colonies and Ethiopia	0.5	2	2	23
Portugal	Portugese overseas territories	8	10	13	12
Japan	Korea, Formosa, Kwantung, Manchuria	20	41	24	55
Germany	Eastern Europe ⁶	4.5	12	5	13
	Latin America	12	16	8	11.5

Table 5.3: Southeastern Europe, % Trade with Germany (Berend 2006, p. 127)

Country	Exports to Germany, % total		Imports from Germany, % total	
	1933	1939	1933	1939
Bulgaria	36.0	71.1	38.2	69.5
Hungary	11.2	52.4	19.6	52.5
Romania	16.6	43.1	18.6	56.1
Yugoslavia	13.9	45.9	13.2	53.2

Chapter 6: Conclusion and themes

6.1 Summary

6.1.1 Theoretical claims

6.1.1.1 Global orders

Stable world orders – at least those stable enough to last several decades or more – involve economic and political institutions that support each other, and in which the incentives facing any given actor are to both “play by the rules of the game” and to reasonably expect that others will as well. For this, it is not enough that institutions be publicly committed to certain policies on paper; these commitments must survive any countervailing incentives that are likely to arise. And for this, a number of criteria emerge: those countervailing incentives must be weak, at least for most actors at most times; when the “strong do what they will,” what they will should roughly correspond to the maintenance of the system (presumably because their vested interests are better met within it,) and when “the weak suffer what they must,” those capable of bullying them must have an incentive to bully them into acting in a way concordant with the rules and expectations of the system.

All of this places significant constraints on the kinds of world orders that can

emerge. Broadly speaking, liberalism furnishes one class of such orders, in which the most core states economically, the states with supremacy over the seas, and the leading states geopolitically cohere, but do not exercise such dominance that their state institutions can start taking rent without significant pushback.

6.1.1.2 Elite support

Sometimes, regimes are established because they are overthrown from below. But no fascist, much less parafascist, state formed in this manner – all were created with the willing (though far from unanimous) cooperation of the existing establishment, usually with cooperation with major other social fractions. (This was even true in the wartime states, which always found a significant portion of the elite happy to cooperate.) Outside of the occupation regimes, only Spain broke legal continuity with the old regime. The most likely case of a fascist revolution from below, such as Estonia or Romania, found themselves both co-opted and crushed. The proximate determinants of (para)fascist regime formation were elite support, which in turn arose from elite composition and interests. Less mobile capital, which was invested in a strong state, brokered deals with the nationalist activists where it could to form strong states that were protected to interventionist policy framework that would be willing to do almost anything but confiscate their property.

6.1.1.3 Labor trilemma

Not all fractions of capital were willing to take that gamble. For many of them, handing such power to the state was too dangerous. And indeed this was just not a rational approach but the normal one. The price to pay for this in normal economic times was the existence of a reserve army of labor, and hence a gap in economic output.

Under these normal times, this gap in economic output is well worth paying, because it does not threaten the existence of a surplus. But in economically extraordinary times, the output gap stemming from cyclical or other employment can grow so large as to threaten the ability of the economy to maintain itself, and in extraordinary geopolitical times, nationally oriented capital has special reason to care that "its" local state is not starved for resources vis-a-vis other hungry states that it might conquer or be conquered (or simply bully or be bullied) by. And the 1930s were both geopolitically and economically extraordinary. As a result, then, governments had to intervene to restore full employment. To do so, they either had to move left, and make a deal with right-leaning labor unions to keep wage (much less property) demands within reasonable constraints in exchange for social concessions, or to move right, and suppress the ability of labor to operate independently. Capitalists almost everywhere were reluctant to give labor an inch, but they were also wary of output gaps when national rivalries were salient and in the possibility of labor demanding everything if it could not get at least something.

6.1.2 The narrative

6.1.2.1 Up to interwar period

In the decades leading up to WWI, the British-led liberal world order grew more confirmed in its Polanyian roots – the “four pillars” of the gold standard, self-regulating market, balance of power system, and liberal state. Beneath the surface, however, new organizational forms were being developed. New communications media and transportation infrastructure began to enable large-scale organizations – big (and national) governments, big firms, even big labor. Economic geography was reorganized, with Central Europe’s historical breadbasket status being displaced by Russian and American wheat.

This enlargement of scale had prodromal tendencies in creating *Grossraume*-like blocs through the creation of formal empires in the period of “second imperialism.” But these were generally limited to the Western core powers and generally only *potentially* autarkic. While they represented a transformation in the political relationship between core and periphery, they did little to change the nature of the world-system as a world-economy.

When Britain went into decline, however, the lack of hegemonic leadership ran up against the new possibilities opened up by the new style of imperialism and new forms of big organization more generally. The Great War represented both a classic rising-state great power war as well as some of the initial working-out of the logic of these great-space economies, but in a largely organic, spontaneous, and to a great

degree ideologically innocent way. Regardless, the Great War and Xinhai revolution would result in the dismemberment of almost all the world's great empires in one way or another, and various national and pan-national attempts to put the pieces together again.

6.1.2.2 The way that fascism was formed

New interwar regimes were hybrid regimes: cooperative ventures launched between fascist activists and classic conservative constituencies. These ventures were launched in a number of ways. In the period immediately following the Great War, and in particular in response to attempted Bolshevik uprisings and frontier ethnic violence, many of these far-right activists made themselves immediately useful to new dictatorships that were basically conservative-liberal in orientation. In the early 1930s, however, the balance of power changed. For many sectors of capital, the old liberal course appeared to be undesirable or untenable, and the nationalist activists offered a program and leadership that could secure their traditional ends through nontraditional means. Crucially, the rightist activists – whether coming from intellectual traditions that were Catholic, *volkisch*, or even syndicalist – promised to simultaneously protect private property and to break with liberal economic orthodoxy. The new wave of settlements could arise through the radicalization of existing regimes (as in Italy, Japan, or Hungary,) the election of rightist parties (as in Germany,) or through coups d'état (as in most of the royal dictatorships,) but all depended on cooperation between these two groups, all attempted to mobilize labor

without allowing labor to eat the economic surplus (and hence required coercive corporatist arrangements in the economic sphere.)

6.1.2.3 The reconstitution of liberalism

After the war, the social liberal or revisionist liberal settlement became generalized, with a social compact based upon center-left unionism in the core receiving a generous Danesgeld in the form of social rights and political freedoms in exchange for social peace and moderated demands on the social product, despite the possibilities opened up to it by full employment. “Embedded liberalism” (Ruggie 1982) would additionally moderate the degree of axial specialization in exchange for reducing probable tensions between countries, while at the same time allowing for generous trading relationships between them.

This compact was not to last, and the willingness of both labor and capital, as well as the managers of particular states, to restrain themselves for the sake of this compact waned with the very specific cultural, military, and political preconditions that allowed it. Disciplinary power over labor returned again to the reserve army of the unemployed, the hegemonic influence of America declined, the threat of communism inspired less fear, and national rivalries became increasingly important and difficult to control. But that is a story for another day.

6.2 Fascism and rationality

Fascism has frequently been characterized as an irrational phenomenon. Emilio Gentile refers to fascism as an “‘anti-ideological’ and pragmatic ideology. . . that expresses itself aesthetically more than theoretically”¹ “The role programs and doctrines play” in fascism, according to Robert Paxton (2004, p. 16), is “fundamentally unlike the role they play in conservatism, liberalism, and socialism,” for it “does not rest explicitly upon an elaborated philosophical system, but rather upon popular feelings,” and “has not been given intellectual underpinnings” by any serious thinker. Even James Gregor (2005, p. 16) seeks to rescue the older Fascism by dissociating it from what he sees as the obvious irrationality of the new, asserting that “Italian Fascism has little, if anything, to do with... modern extremism of whatever sort... ‘neofascists,’ ‘cryptofascists,’ and ‘parafascists’ are, most frequently, not fascists at all, but persons suffering clinical afflictions.”

“Neither [Fascism nor National Socialism] can be accused of having contributed anything to economic thought or to have had any original vision of a new economic order replacing capitalism. . . In the short run they presented no real threat and even some real advantages to the capitalist system, while in the long run, their dynamism and imperialism certainly threatened the autonomy and indeed the existence of capitalist enterprise through a transcendent decisionism that ultimately was tantamount to national suicide.” (Feldman 2017, pp. 4-5)

The Japanese heterodox Marxist Maruyama Masao deprecated his own coun-

¹Emilio Gentile, cited in Payne 2003 (1995), p. 6.

try's ultra-nationalism as having "no conceptual structure" and therefore expressing itself "instead in the form of shrill slogans," in "a striking contrast to the situation in Nazi Germany, which, for all its emotionalism and illogicality, did in fact possess an orthodox, systematic *Weltanschauung*." (Masao 1969 (1946), p. 1) "The renowned ideological poverty and lack of official doctrine of Peronism is to be explained precisely by. . . Fascism, on the other hand, could develop a more precise official doctrine and a more defined ideological structure to the extent that. . ." (Laclau 1977, p. 198)

This is actually not so different from the complaints of the fascist intellectuals themselves. Alfredo Rocco in 1925 sought to educate the "many in our ranks... who know Fascism as action and feeling but not yet as thought, who therefore have an intuition but no comprehension of it." (Rocco 1926, p. 394) Mussolini's "admirer biographer" enthused that "Fascism does not possess an armoury of theoretical doctrines, because every system is an error, and every theory a prison." (Smith 1936, p. 152) In self-critical reflection after the war, the literary supporter of Pan-Asianism Tekuchi Yoshimi considered that "unlike such official ideologies as democracy, socialism, or fascism, Pan-Asianism does not contain any inherent value" as an intellectually considered doctrine. (quoted in Hotta 2007, p. 16).

These characterizations tend to elide between several important things. They tend to bring together concerns about the *psychological state* of fascists themselves (motivated by primal, atavistic death drives, or authoritarian parenting, or apocalyptic fears of ethnic displacement) with the purported *ideological incoherence* of fascist platforms with the *ideological anti-rationalism* of the coherent platforms with the *destructiveness* of fascist, especially National Socialist, political regimes. But all

of these things are conceptually orthogonal, and can, and do, obtain in any combination. Insofar as these popular ideas serve as an antivirus against the fascist strain, I have no interest in dislodging them. But the analysis herein, I believe, shows that they are largely false. Fascists were canny enough to bring together coalitions of groups that rationally assessed, as much as anybody does, their interests and took their chances with the least bad option – for some of them, articulating a positive vision that would advance their interests (“material and ideal,” as Weber might say) more than they previously thought possible.

6.3 A deliberately broad view of fascism

Two obvious, and popular, ways to think about and classify many of the governments we have looked at here are the relatively broad label of “authoritarian” (as in much quantitative political science) or the relatively narrow label of “generic fascism” (as conceptualized by the “new consensus” (Griffin 2002; Griffin 2012) proclaimed within the historical study of fascism.) Many of the more careful authors – as well as some less careful ones – have been quick to distinguish the term *fascism* from authoritarian nationalism in general. As Stanley Payne puts it,

Comparative analysis of fascist-type movements has been rendered more complex, and often more confused, by a common tendency to identify these movements with more conservative and rightist forms of authoritarian nationalism in the interwar period and after. The fascist movements represented the most extreme expression of modern European nation-

alism, yet they were not synonymous with all authoritarian nationalist groups... The confusion between fascist movements in particular and authoritarian nationalist groups in general stems from the fact that the heyday of fascism coincided with a general era of political authoritarianism that on the eve of World War II had in one form or another seized control of the political institutions of most European countries. It would be grossly inaccurate to argue that this process proceeded independent of fascism, but neither was it merely synonymous with fascism. (Payne [2003 \(1995\)](#), pp. 14-15)

For Gregory Luebbert ([1987](#)), the distinction between fascist and conservative dictatorships is analytically important as well, for it speaks to the degree to which they were able to implement coercive, mobilizational labor policy.

These distinctions are important, but looking at them as binaries rather than spectra obscures the most important political development of this period, that is, the formation of states involving an alliance between the traditional elites and the radical activists. This "syncretic national authoritarian system was for some time the most common new political form of the twentieth century and became more common than either liberal parliamentary or totalitarian socialist systems." (Payne [2003 \(1995\)](#), p. 468) The formation of these dual states, endemic to the period, rather than those appellationed "fascist" proper or all those which "authoritarian" generically, is our fundamental concern. In this respect, this dissertation follows the example of some recent volumes (Pinto and Kallis [2014](#); Pinto [2017a](#)) contemporary

scholarship.

That does not mean that this project has been indifferent to distinctions among regimes in its ambit – on the contrary, I am very interested in the balance of power between fascists activists and traditional elites, and in the degrees and kinds of coercive organization applied to relations of production.

Further, I have also been interested in exploring the distinction between these fascist and parafascist regimes, broadly defined, and what has been called "traditional dictatorship." But I believe this dissertation has drawn useful attention to temporal variation on this score (as well as, of course, geographic differentiation between either and democratic or socialist regime formation.) The new regimes established in the 1920s were traditional dictatorships, exercising largely traditional means and ends; those established in the 1930s, whether from the transformation of existing conservative dictatorships or from democracies, were largely something new, even if some were more radical than others.

6.4 State and economic organization in the very longue duree

A long tradition blames a "marriage of iron and rye" or "feudal survivals" for fascism. This view brings together such diverse voices as Barrington Barrington Moore (1966), Arno Mayer (2010 (1981)), Maruyama Masao (1969) and the *Kōzaha* Marxist school, and Schumpeterian analyses of imperialism. This account draws attention to some useful and important stylized facts – the relatively late modernization in all of the leading Axis powers, and the compromise with the traditional ruling

classes upon which this was founded – while being vulnerable to some equally important theoretical difficulties – it is not obvious why these traditional elites should, across such a wide variety of cultural contexts, have been prone to bellicosity in the way that they were. My capital-mobility centered account resolves this theoretical difficulty. Old regime constituencies were largely landowning classes and, with a few regional exceptions, they were not warriors. What they were was subject to the general rules governing the political orientation of low-mobility capital.

In the “semicore” moreso than in many other instances, the landed elite were able to shore up and institutionalize their class power relative to its “natural” economic position. In the case of Prussian Junkerdom, most famously,

The three-class system of franchise secured for the Junkers an antiquated political dominance within the German Empire. State subsidies maintained a social class and an economic system which, without such help, would have foundered long before in a free market and which were able to enjoy an artificially sustained financial security at the expense of industry and the working class. The Junkers’ practice of calling on the state was extremely successful. In serving as a model to others it has also had a lasting influence on German political culture, one of whose characteristic features has been the expectation of economic, social, or political solutions via state intervention. (Schissler 1991, p. 100)

Contemporary Marxists were aware of these trends and tended to see them as a betrayal of history. For Antonio Gramsci, the Risorgimento was a half-aborted

bourgeois revolution, for the Italian bourgeoisie had “not been strong enough to overthrow the existing, feudal order and had, instead, sought a moderate compromise with it.” (Riall 1994, pp. 29-30) This characterization of a “failed” bourgeois revolution is also to be found in Barrington Moore (1966), who finds the authoritarian (or fascist) alliance of “iron and rye” to flow from moderate, rather than strong (as in eventual liberal cases) or weak (as in eventual communist cases) bourgeois strength.

From a world-systems perspective, however, this was no betrayal of history, but its normal course.

In the very, very *longue durée*, almost all of Earth’s great land powers arose in proximity to the Eurasian steppe, with early development of coercive state capacity (drawn, in turn, in response to the steppe horse empires²) painting a single main band of tributary civilization across a major section of the globe. In the only slightly shorter *durée*, over the course of the early modern period, incorporation into the world market had strengthened landlord power and traditional patterns of domination across the area that was at first the periphery and parts of which would soon become, with further expansion of the system, the semiperiphery. This kind of statehood, while unfavorable to certain kinds of capitalist development, was favorable to resistance to formal colonialism. (Hariri 2012) “The characteristic feature of . . . the Prussian, Czech, Hungarian, Polish, and Russian societies” that were “semi-successful” cases of capitalist development “was the continued existence of an aristocracy in the period of modern capitalistic development.” (Berend 1986,

²Turchin (2007), Mielants (2008), and Anievas and Nisancioglu (2015) all touch on aspects of this.

p. 15)

These dynastic empires were destroyed through war in the second decade of the twentieth century. But their internal social structures and positions in the world-system did not automatically change in response to this. Those that came closest were the states where the former (typically ethnic German) aristocracy was supplanted by "titular" ethnic smallholders. But in any event the disjunction between different forms of organization (socioeconomic, statal, geopolitical) that had grown up together was acute, especially in the absence of a hegemonic transition between Britain and America where neither country was willing to exercise leadership until relatively late in the game. The "semicore" states which had best managed a reactionary path to modernization, such as Germany and Japan, were a tempting vehicle for certain classes and movements to make an obvious land grab which would prompt a further round of reorganization.

6.5 Class coalitions and divisions of labor

In looking at the classes or class fractions that come to organize different political coalitions, it is worth thinking about several distinct divisions of labor: in particular a "horizontal," "vertical," and "axial" divisions of labor.³ In order,

³It is customary to distinguish between the technical and social divisions of labor, where the technical division of labor refers to the organization of different forms of concrete activity within the firm and the social division of labor refers to the distinction between firms. The horizontal and vertical divisions of labor respectively both cross-cut the technical and social divisions of labor so defined.

1. *The vertical division of labor* refers to labor, land, and capital coming together in any given enterprise, and in the forms of the economy as a whole. This corresponded to interests of "class" broadly understood.
2. *The horizontal division of labor* refers to different industries, defined concretely as unities of land, labor, and capital which are engaged in producing something in particular. This corresponds to the interests of "sectors" broadly understood.
3. *The axial division of labor* is meant as Immanuel Wallerstein basically means it - as the division of labor typical of the relations between core and periphery, with the core producing relatively capital-intensive goods and the periphery producing relatively labor or land-intensive ones. "National" interests often serve in practice to refer to their positionality within the axial division of labor.

Every kind of division of labor involves the confronting one another to cooperate in the production of materials and compete at the same time over the division of its social product – a process of "coopetition" in which exit threat governs the nature of "normal" market relations and in which outright coercive power can be employed to prevent exit or otherwise redistribute scarce resources. The different parties which are brought together in the various divisions of labor do not generally wish to do away with the other, although they may wish to do away with each other's ability to politically function.

Every comprehensive political philosophy which hoped to offer plausible solutions to the problems of the epoch was forced to have a solution to the various

questions posed by the three divisions of labor in the international economy. In their various guises, liberalism, socialism, and fascism offered a conception of how these might be resolved in a way that did not crucially undercut production and that resulted in an ultimate dispensation that would be satisfactory to a sufficient coalition of actors. Liberalism, socialism, and fascism thus sought to appeal to a particular class coalition, "class" in this sense being understood to refer to a range of possible intersections created by all three divisions of labor. ⁴

Classical liberalism is defined by its prescription of open markets as a solution to these matters. In the classical liberal argument, the limitation of the "rules of the game" between different economic actors to threatening exit means that outside strategies involving coercion, which are negative-sum, cannot be engaged in. Even this relatively pure form of liberalism has never meant, except in the formulation of a few theorists remarkably uninfluential until the late twentieth century, the absence of a state – indeed, it was by and large liberals who had constructed the national state up until this point. Liberals embraced the existence of states as guarantors of property rights, producers of public infrastructure, and guardians of the ground which different economic actors could take for granted. But they largely did so on the assumption that, that ground being created, they would be able to engage in market relations and settle their differences without excessive intervention. (This,

⁴For a trivial example, consider the case of protectionism. This can be a policy that benefits labor in the core areas and capital in the peripheral areas, at the expense of capital in the core areas and labor in the peripheral areas – each of which, of course, intersects with concrete sectoral interests.

too, was in many ways more fantasy than reality, but it was a fantasy that impacted the reality. Credible commitment was to this state of affairs or to situations that could be justifiably related to it.)

The fascist solution, broadly construed, involved the settlement of the various divisions of labor through a corporatist framework where the national state would intervene to ensure each party's "coming to market," that is, abrogating their exit rights, without (in theory) eliminating each party's ability to exist separately. In practice this meant that extreme market power would be wielded by whichever parties stood in control of the government. At the level of each division of labor, this meant that

1. *Vertically*, this entails the creation of coalitions of particular industries which would, because of credible reassurances that they would be able to benefit from the policies promoted by the corporate state, support it. Which sectors of industry were they? I will argue in what follows that these industries varies, but generally were those that most benefitted from the other policies, and which were most attached to the national state.
2. *Horizontally*, this entailed the destruction of worker exit power through their ability to strike.
3. *Axially*, peripheral countries would be politically incorporated into union with the core, whether formally through annexation or through various informal colonial schemes. This is in contrast to the pure liberal solution which involved the exploitation of the periphery through free market operations, with any

given colonial market being open for business for any core power. Strategies of emblocment would, by contrast, entail the limitation of particular zones to the sole jurisdiction of some particular core power. This is the precondition for any corporatist solution to axial problems which places the power for resolving disputes in the hands of some national government.

In order for this (or any) kind of answer to come into power it needed to (1) be articulated, and (2) prove appealing to a coalition of actors. Thus, my historiography of the "intellectual" side of fascism is an attempt to uncover the various solutions that were proposed and the appeal they had to concrete material groups, through an examination of both their written words and an attempted reconstruction of its most rational elements. That I am focusing on the material elements, and engaging in (charitable, or at least that is my attempt) reconstruction, leaves me reasonably open to the charges that I am making fascism and related ideologies into something more reasonable than they actually were. I have no interest in making any kind of dogmatic statement about the oftentimes considerable irrational aspects of our species, nor in denying the obvious fact that fascists appealed to this. But I do wish to focus on the fact that fascism depended on the cooperation and enthusiastic or compromised participation of a variety of self-interested groups, not just in groups of small, fanatical activists. (Nor do I believe a conception of the small, enthusiastic activists as purely irrational is very helpful in dealing with them, either.) The construction of ideal types has well-known dangers but is nevertheless indispensable in rearranging our models of the world in a more comprehensible light.

As "political entrepreneurs," successful fascists had to identify points of possible "political arbitrage," groups who were negatively predisposed to the status quo and, moreover, had common policies in mind which could alleviate these concerns. The common features of right-wing authoritarianism during this period were those common interests which could be created by the national state. Identifying these actors is necessary to giving an adequate understanding of not just why fascism succeeded to the extent that it did, but why fascism failed to the (much greater) extent that it did. Marxist theories of fascism as a dictatorship of capital correctly diagnose much of the etiology and behavior of fascist states without adequately explaining why they are not the *first* resort, unlike liberalism.

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