

The fight against austerity is the fight against fascis...

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Marcus Miller and Robert Skidelsky ask in the FT this morning how Keynes would have solved the Greek / Euro crisis. [As they observe](#):

Underpinning the German position is the belief that resolving debt problems is the sole responsibility of the debtor. Keynes, by contrast, held that both creditors and debtors should share the task of getting economies out of holes they had jointly dug. "The absolutists of contract," he wrote in 1923, "are the real parents of revolution."

As they also note:

Talks to form a Greek government have collapsed. This is unsurprising: no government pledged to unalloyed austerity in response to its debt obligations can face its voters with confidence.

Yet Greece is only an extreme example. Centrist governments across the Mediterranean are increasingly seen by their citizens as powerless. They have no independent monetary policy; no capacity to devalue; no right to impose capital controls; limited ability to support failing national enterprises; and now they are mandated to tighten fiscal policy. When moderation fails, the time comes for citizens to turn to those promising to take power into their hands, be they from the right or the left — anything but the pusillanimous centre!

And as they warn:

That is what happened in the 1930s. It is a historical irony that European countries that avoided a repeat of the Great Depression after the banking crisis are now driving into the blind cul-de-sac that led to extremism in that earlier disaster. German historical memory has vivid recall of the hyperinflation of 1920-23. But it is possible to forget it was deflation and the Great Depression that brought Hitler to power in 1933.

I have no doubt they're right. The Merkel line will lead to extremism. As a democrat it's why I think the Left has to be bold now in fighting the combined right wing and big

business alliance that will deliver fascism if the current approach to austerity is sustained. There's support for the view elsewhere in the FT. [As John Kay argues today](#): *The elevation of credibility into a central economic doctrine has turned a sensible point — that policy stability is good for both business and households — into a dogma that endangers stability. The credibility the models describe is impossible in a democracy. Worse, the attempt to achieve it threatens democracy. Pasok, the established party of the Greek left, lost votes to the moderate Democratic Left and more extreme Syriza party because it committed to seeing austerity measures through. Now the Democratic Left cannot commit to that package because it would lose to Syriza if it did. The UK's Liberal Democrats, by making such a deal, have suffered electoral disaster. The more comprehensive the coalition supporting unpalatable policies, the more votes will go to extremists who reject them.*

The writings of these eminent thinkers, and Martin Wolf to whom Kay refers, could not be clearer. We change our economic policies or extremism - most likely in the form of fascism - will result.

That's how big the stakes are now - and brave people are even willing to say so in the FT.

It's time to listen.