Funding the Future

Anti-fascist economics: My conversation with Isabella W...

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Can economics help defeat fascism? Or has neoliberalism created the economic insecurity, inequality and concentration of corporate power that make authoritarian politics increasingly attractive?

In this Funding the Future podcast, I discuss these questions with economist Isabella Weber, Professor of Economics at the University of Massachusetts Amherst, and author of *Anti-Fascist Economics: In Defence of Affordability, Dignity, and Democracy*.

Isabella argues that defeating fascism requires more than condemning the far right. Governments must address the economic conditions that undermine democracy by ensuring that people can afford the essentials of life, including food, housing, energy, transport and care.

We discuss the relationship between neoliberalism and fascism, the consequences of economic insecurity, and how governments could use price stabilisation, public investment and controls on corporate power to create a more secure society.

But I also challenge Isabella on what I consider a significant omission from her book: the macroeconomic framework needed to deliver these changes.

We discuss modern monetary theory, the government’s power to create money, inflation, full employment and the political constraints on government action. We also consider whether international monetary reform could give developing countries greater economic freedom.

We agree that economics should serve people rather than require people to serve markets.

The question is whether governments are willing to make that change, and whether democracy can survive if they do not.

https://www.youtube.com/watch?v=FyzRM1qOR0I?si=oajHAGkSdVxDjBSc

This is the audio version:

https://www.podbean.com/player-v2/?i=8tmk4-1bb9a9c-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=f6f6f6&font-color=auto&logo_link=episode_page&btn-skin=c73a3a

There is no transcript for this podcast, as it would be too long. I have, however, prepared this summary of our discussion:

I recently recorded a Funding the Future podcast with economist Isabella Weber, Professor of Economics at the University of Massachusetts Amherst, discussing her new book, Anti-Fascist Economics: In Defence of Affordability, Dignity, and Democracy.

Our conversation focused on the relationship between neoliberalism and fascism, the economic conditions that encourage authoritarian politics, and what governments might do to prevent their rise. We also discussed the monetary and macroeconomic framework required to deliver the changes that Isabella proposes, which was an issue on which I had some questions.

We began by considering what fascism means. Isabella identified three characteristics: the promise of restoring a supposedly glorious past, the creation of hierarchies between those who belong and those who do not, and the rejection of rational argument in favour of power, force and violence.

I was particularly interested in the relationship between fascism and neoliberalism, and whether their common roots in social Darwinism meant that one might lead to the other. Isabella argued that neoliberalism requires people to subordinate themselves to markets, accepting the consequences of competition even when those consequences are devastating. Fascism goes further by treating the suffering and exclusion of particular groups as desirable. She was careful to distinguish the two, but argued that neoliberalism contains assumptions that can create conditions in which fascism develops.

Drawing on Karl Polanyi, Isabella explained that market fundamentalism contains an anti-democratic tendency. People inevitably demand protection when markets threaten their livelihoods, but governments committed to market supremacy resist those

demands. This creates a conflict between democracy and economic ideology. We discussed the historical origins of these ideas, including Malthusian economics and the refusal of governments to intervene during famines. I raised the Irish Great Famine, or Starvation as I would rather describe it, while Isabella referred to the consequences of similar economic thinking under colonial rule elsewhere. The point was that economic theories have consequences, and those consequences can include the deliberate acceptance of avoidable suffering.

We then considered the global financial crisis of 2008 and the more recent inflation crisis. Isabella argued that both contributed to the rise of the extreme right because their consequences were distributed so unequally. Economic insecurity increased, while wealth and corporate power became more concentrated. As a result, people have lost confidence in governments that appear unwilling or unable to protect them. At the same time, the concentration of economic power undermined confidence in democracy itself. This led to a discussion of Donald Trump and the willingness of powerful business interests to support authoritarian politics when they believe doing so will advance their interests.

Isabella’s argument is that opposing fascism requires more than condemning the far right. Her suggestion is that political movements must offer credible alternatives that address people’s economic insecurity. She contrasted the failure of Kamala Harris’s 2024 presidential campaign with more recent electoral successes in which candidates concentrated on affordability, housing, healthcare and challenging corporate power. Her conclusion was that politicians need to offer solutions rather than simply describe the threat. This is an argument with which I agree, not least because neoliberalism has consistently failed to provide the economic security that people need.

That brought us to the main practical proposals in her book. Isabella advocates what she calls an economics of essentials. This starts by recognising that some goods and services are indispensable to a decent life and should not be left entirely to the pursuit of private profit. She identified housing, food, energy, transport, healthcare and care services as the essential areas requiring particular attention. Her proposal combines immediate measures to stabilise prices with longer-term structural reforms designed to reduce corporate power and improve provision.

We discussed food in particular. Isabella described how the Mexican government has negotiated agreements with major food companies to stabilise the prices of essential products. She also explained how public procurement, publicly supported food retailers, competition policy and commodity buffer stocks could reduce corporate power and protect consumers. These measures could also help address climate change by changing agricultural production and encouraging more sustainable practices.

Similar principles might apply to housing, where rent controls could provide immediate protection while public housing programmes and restrictions on financial speculation deliver longer-term change.

In care services, she argued for substantial public investment and employment creation, particularly given the potential impact of artificial intelligence on employment elsewhere.

I agreed with much of this programme, but I also raised what I considered a significant omission from her book. Isabella proposes extensive government intervention, public investment, employment creation and economic transformation, but I wanted to know what macroeconomic framework would make this possible. My own approach is informed by modern monetary theory, which recognises that governments issuing their own fiat currencies create money when they spend. Such governments are not financially constrained like households or businesses. Their constraints concern the availability of real resources, productive capacity and inflation. I argued that understanding this is essential if governments are to deliver the changes Isabella proposes, because otherwise claims that the money is unavailable will continually obstruct progress.

Isabella acknowledged that she might have devoted more attention to explaining her macroeconomic framework. She also made clear that she accepts the state’s capacity to create money. Her emphasis, however, is on what governments should do with that capacity rather than on explaining monetary operations.

She argued that modern monetary theory has made an important contribution by challenging conventional thinking about deficits, but that debates about money can become excessively technical. I pressed the point because I did not think her initial answer fully addressed my concern. Without explicitly explaining the monetary powers of government, I think there is a risk that her proposals will be judged against conventional assumptions about affordability that she does not herself accept.

There was, however, substantial agreement on inflation. Isabella rejects the conventional approach of responding to supply-driven inflation by increasing interest rates, suppressing employment and imposing additional costs on those already struggling. Instead, she argues that governments should address instability directly in those essential sectors responsible for many inflationary shocks. This would make it possible to pursue price stability and full employment simultaneously. She also rejects debt-to-GDP ratios as an adequate measure of the consequences of government spending, arguing that what spending achieves matters much more than the resulting accounting ratios.

Isabella also made an important point about rebuilding the capacity of government. Decades of neoliberalism have not simply persuaded governments that they should not intervene in the economy. Outsourcing and the loss of institutional expertise have also reduced their practical ability to do so. She therefore advocates beginning with measures that governments can implement now, rebuilding their competence and public confidence while developing the capacity to undertake more substantial reforms. I thought this was an important part of her argument because having the power to act

is not the same as having the institutional capacity to deliver change.

We then considered the political constraints on government action. Drawing on Michał Kalecki, Isabella stressed that corporate control over investment and employment can be used to resist policies that threaten established economic power. She also emphasised that countries in the Global South face constraints arising from capital flight, exchange rates and dependence on international commodity markets. This was an important qualification to my emphasis on monetary sovereignty. Although governments may possess the technical capacity to create money, the political and international circumstances in which they operate can constrain how effectively they use that power.

This led us to discuss Keynes's proposed international currency, Bancor, and whether new international monetary arrangements could reduce the dependence of developing countries on dominant currencies. I raised the possibility of international institutions lending in local currencies rather than dollars. Isabella suggested that internationally managed commodity buffer stocks, potentially linked to new regional monetary arrangements, could help stabilise prices and provide the basis for a different international monetary system. This was an interesting development in our discussion because it demonstrated that Isabella's concerns about monetary arrangements extend beyond domestic fiscal policy to the international structures that constrain economic choices.

We concluded by considering why economics matters to democracy. Isabella referred to Joan Robinson's observation that studying economics helps people avoid being misled by economists. Her argument is that economics should not be the exclusive preserve of economists because the way an economy is organised determines how people live, and those arrangements should therefore be subject to democratic choice. Economists should help deliver democratically determined objectives rather than dictate what those objectives should be.

Summary

The central issue arising from our conversation was whether governments should continue to subordinate people's needs to markets or instead organise economic activity to meet those needs. Isabella's book provides a substantial programme for achieving the latter, while explaining why doing so is essential to resisting fascism.

My concern was that this programme also requires an explicit understanding of the monetary powers available to governments and the macroeconomic framework within which they operate. Isabella placed greater emphasis on the political constraints on those powers and the practical policies needed to deliver change.

Those are different starting points, although they need not be incompatible. We agreed that the economy should serve people rather than require people to serve the

economy, and that democracy is threatened when it fails to do so.

And I stress, Isabella's book is well worth reading.

Poll

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