State and Nation: Fascism, Cultural Authoritarianism, and Economic Nationalism

- and Economic Nationalism
Today’s Menu: Varieties of Community

• general will
  • Gift economies
    – Polanyi’s examples
    – Digital Communities and anti-rival goods

• Religious community
  • Islamic Economics

• Nation as Community
  • The State as the spiritual embodiment of the Nation
    – Fascism
    – Cultural Authoritarianism

• Human Community
  • Rifkin’s Vision

• Economic Nationalism
Review: Nations are communities that fill the vacuum left by liberalism and socialism

• They evoke emotion, not reason
• They evoke solidarity, not competition
• They provide an identity bigger than ourselves
• They provide security, not individual striving
• They provide an arena for cooperation, not competition
Liberal nations are in tension...is liberal nationalism possible?

- Property rights, markets are possible in national communities but threaten them.
Extreme National Community: Fascism

• "Those who perceive nothing beyond opportunistic considerations in the religious policy of the Fascist regime fail to realize that Fascism is not only a system of government but also and above all a system of thought.”
• View of Human Beings
• Fascism and the State
• State and Nation
  – Individuals
  – democracy
• War and Heroism
  – War makes us noble
  – What is Heroism?
• Allocation of Resources: Corporatism
  – tripartism
Fascism and Democracy

Rousseau

• "the general will is always right and tends to the public advantage; but it does not follow that the deliberations of the people are always equally correct. Our will is always for our own good, but we do not always see what that is; the people is never corrupted, but it is often deceived, and on such occasions only does it seem to will what is bad."

• “There is often a great deal of difference between the will of all and the general will; the latter considers only the common interest...... the former takes private interest into account, and is no more than a sum of particular wills

Mussolini

• The maxim that society exists only for the well-being and freedom of the individuals composing it does not seem to be in conformity with nature's plans, which care only for the species and seem ready to sacrifice the individual. It is much to be feared that the last word of democracy would be a form of society in which a degenerate mass would have no thought beyond that of enjoying the ignoble pleasures of the vulgar."
Culture and Authoritarian Communities: The “Asian” Case
Liberals Ignore or Universalize Cultural Communities
They didn’t reckon with Lee Kwan You

I'm not convinced that one-man, one-vote is the best.

we would have a better system if we gave every man over the age of 40 who has a family two votes because he's likely to be more careful, voting also for his children.
They didn’t reckon with Lee Kwan Yu

• Lee Kwan Yew: “The liberal tradition claimed that human beings had arrived at this perfect state where everybody would be better off if they were allowed to do their own thing and flourish. It has not worked out, and I doubt if it will.”

• Certain basics about human nature do not change. **Humans exist only in a social context—community more important than individualism**
Community is more important than Freedom

• Eastern societies believe that the individual exists in the context of his family. He is not pristine and separate. The family is part of the extended family, and then friends and the wider society.
• there is grave disquiet when we break away from tested norms, and the tested norm is the family unit. It is the building brick of society.
• "too much" democracy and "too many" individual rights destabilize social order.
Xiushen qijia zhiguo pingtianxia.

• Xiushen means look after yourself, cultivate yourself, do everything to make yourself useful;
• Qijia, look after the family;
• Zhiguo, look after your country;
• Pingtianxia, all is peaceful under heaven.
But Isn’t freedom more conducive to growth than government control over behavior?

1. Have a dream
2. Inspire your team
3. Focus on customers
4. Be different
5. Question everything
6. Synergize
7. Establish the process
8. Take risk
9. Lead change
10. Be entrepreneurial

10 Commandments of Innovation

© Vadim Kotelnikov
No.....says Lee Kwan Yew
Is a Global Community possible?

http://www.youtube.com/watch?v=l7AWnfFRc7g
Nationalism in the International economy

Robert Reich's question: Which world would you prefer living in—
a world in which every American is 25 per cent wealthier than now and every Japanese is much wealthier than the average American, or in one in which Americans are only 10 per cent wealthier than now but ahead of the average Japanese? Those who prefer the first world are liberals and those who prefer the second world are economic nationalists.
economic nationalism in the international economy

• States are main actors
• They care about their community and want it to grow
• They pursue power to protect the community—even from markets
• They want influence over other states to make themselves richer
Assumptions about international system

• States pursue power to protect the community—even from markets

• They want influence over other states to make themselves richer at their expense

• Why?
Nation-states want influence and power. Why? Because of Anarchy

• No government over states
• States compete with each other to survive
• International trade is a PD game
### Anarchy prevents cooperation

<table>
<thead>
<tr>
<th>ME</th>
<th>YOU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cooperate (free trade)</td>
<td>Cooperate (free trade)</td>
</tr>
<tr>
<td>3,0</td>
<td>5, 5</td>
</tr>
<tr>
<td>You keep your market open, I close mine, I win, you lose</td>
<td>Comparative advantage Growth for all</td>
</tr>
<tr>
<td>3,3</td>
<td>0, 3</td>
</tr>
<tr>
<td>We both close our markets; you close yours, I retaliate, you retaliate, and so on.....more free trade</td>
<td>I keep my market open but you close yours; I lose</td>
</tr>
</tbody>
</table>
Why national self-sufficiency?

• It leads to peace. Why?
• It protects the community’s ideals
Are self-sufficiency, mercantilism, and economic nationalism the same thing?

• Keynes doesn’t think so. He equates economic nationalism with Stalin and Hitler’s dictatorships, but wants national self-sufficiency.

• Mercantilism and neo Mercantilism

• Can economic nationalism cover both self-sufficiency and mercantilism?

• We will treat it that way here.....as an umbrella concept
Policies: Protection, Market Control, economic warfare

• Protect the nation’s economy from others in the market
  – Tariffs
  – Non-tariff barriers to trade

• Market Control
  – Subsidies
  – Dumping
  – monopoly

• Economic Warfare
  – embargoes

• Retaliation
Protectionism

- Tariffs
  - Increase Prices
- Quotas
  - Limit Supply
- Decrease Trade
Policies: Market Control
Policies: Economic Warfare: embargos
What policy you pursue depends on how big you are

- Trade gives small states more benefits than large ones.
- Trade enmeshment isn’t good for any state’s social stability, big or small.
- Large states can easily close their markets, small states can’t.
- Large states can use their markets to create political influence, leverage.
- They can also use their resources to create a liberal international economic system.
  - Can offer it’s open market, cheap exports, trade finance,
The liberal response

- Lower aggregate wealth
- Consumers are hurt
- Liberal trade helps the nation: a blessing
The End