



NINE YEARS ON FROM THE 2008 CRASH

The new left, the new right, and the resilience of neoliberalism

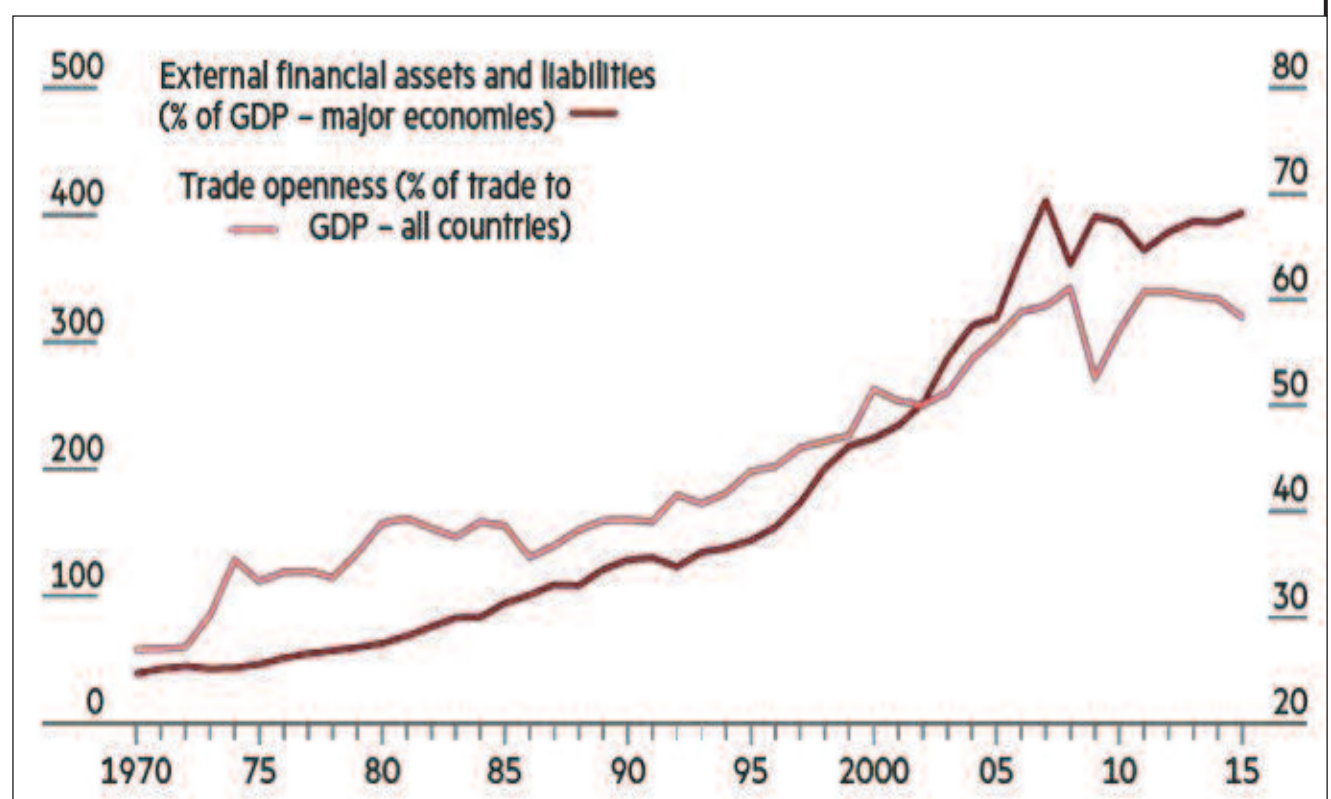
By Martin Thomas

The global credit crash of 2008 and the ensuing travails have produced delayed political effects. A shift to more right-wing, nationalist, and “identity” politics may move neoliberalism sharply to the right, or even explode it from within. The economic turmoil has also produced new life on the left, as yet on a low wattage.

For those who fight for a cooperative commonwealth to replace the grey miseries of neoliberalism, or the brutalities of the more right-wing alternatives, there are three imperatives: to be inside the new left-wing surges, helping them or their best elements to develop; to bring to that activity a political program not cramped and blurred by the malign effects on the left of the decades of neoliberalism and of the decades of Stalinism; and to give priority to helping new young left-wingers, and not only among the educationally credentialled, to organise and develop.

Let us investigate what neoliberalism has been; why it has been, and still is, resilient but by no means all-enveloping; what its effects have been on the left; its entropies of today, and the dynamics of the right-nationalist surges.

The term “neoliberalism” came into use in the 1990s, to describe a regime which had been installed on a large scale since a series of defeats for the working class in the early 1980s quelled the social turmoil of the 1970s and allowed the beginning of a revival of profit rates.



David Harvey, in his *Brief History of Neoliberalism*, describes the characteristic policies of this new regime as “deregulation, privatization, and withdrawal of the state from many areas of social provision”, and its essence as “restoration of class power”. A 700-page *Handbook of Neoliberalism* produced in 2016 by Simon Springer and others defines neoliberalism as the “extension of competitive markets into all areas of life, including the economy, politics, and society”.

These definitions are incomplete. Neoliberalism emerged from a crossing-point of developments in the 1970s. The old Bretton Woods system of managed exchange rates had collapsed in the early 1970s, but international capitalist connectiveness (trade, cross-border financial flows, multinational corporations) had already grown largely within that system. It was replaced by floating exchange rates, abolition of exchange controls, and greater international financial flows, which also, with new technologies, became quicker (modems working at over 10,000 kbs came in from about 1992, widespread use of fibre-optic cables and of the Internet not long afterwards). Total global financial assets rose from \$250 billion in 1970 to almost \$70 trillion in 2010.

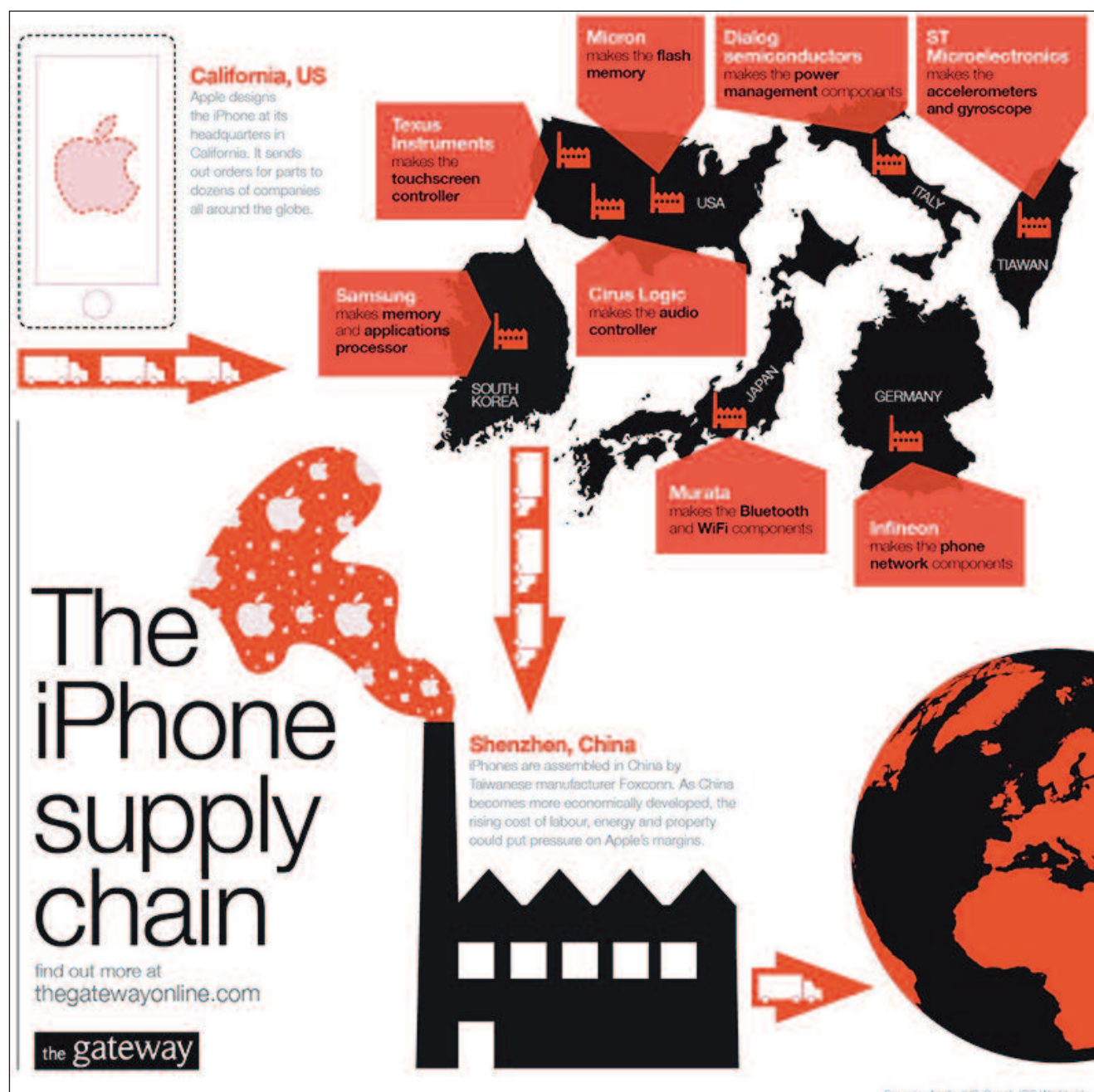
Capitalist corporations had grown large enough to undertake large public works, and a proportion of the ex-colonial economies had developed solid bourgeoisies able to claim places in the global supply chains of manufacturing developing under the “new international division of labour” (first analysed under that name in a 1977 book by Fröbel and others).

Marx had written, in the *Grundrisse*: “All general conditions of production, such as roads, canals, etc.... presuppose, in order to be undertaken by capital instead of by the government which represents the community as such, the highest development of production founded on capital. The separation of public works from the state, and their migration into the domain of the works undertaken by capital itself, indicates the degree to which the real community has constituted itself in the form of capital”. Neoliberalism signified “the real community” constituting itself in the form of globally-mobile capital.

Everywhere, with more difficulty or less, the globally-oriented fractions of the capitalist classes won out over those with a narrower local focus. The proper economic activity of each capitalist state was redefined. As German Chancellor Angela Merkel stated it at the end of 2011, the priority to show that the territory is a “safe place to invest”.

As academics have put it: “The burden on all states [is] to create ‘a good business climate’ to attract and retain geographically mobile capital” (Harvey). “The concern of attracting or retaining capital becomes a primary concern framing different policies and regulations... The neoliberal environment... is often perceived as crucial for attracting capital” (Bevir, *Encyclopedia of Governance*).

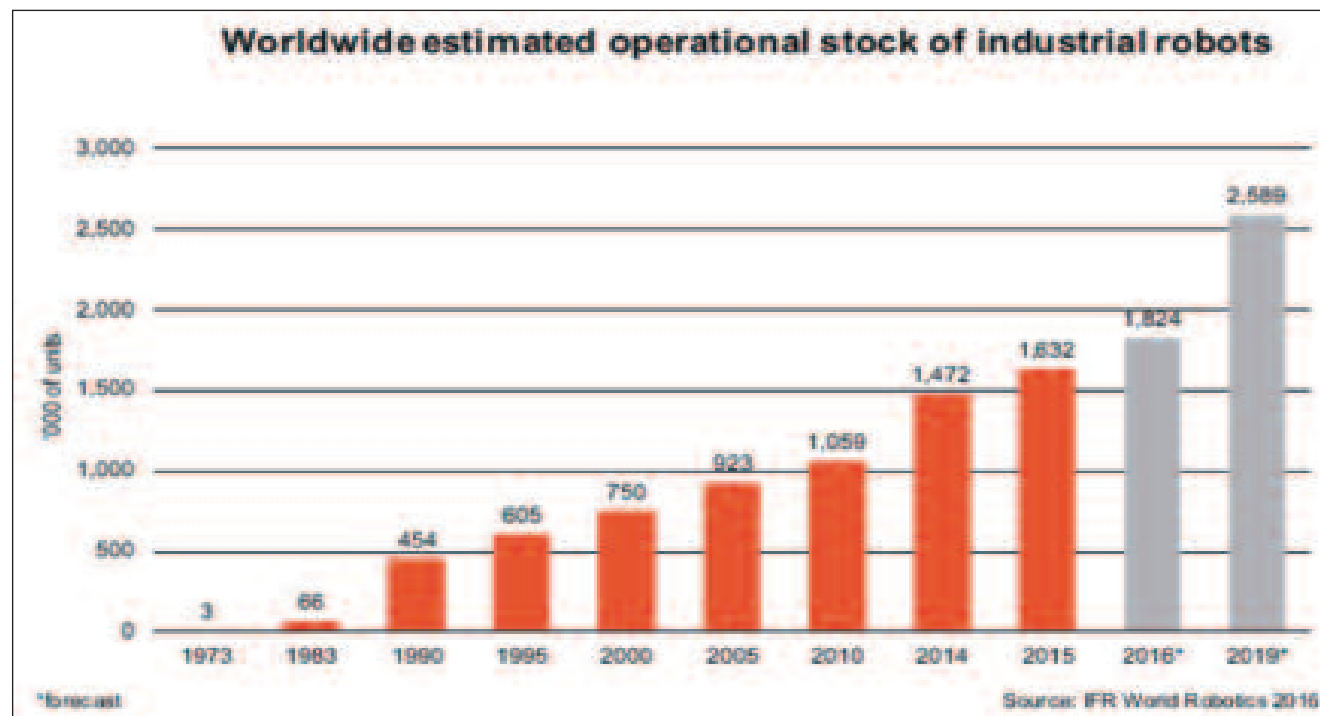
To build or nurture an integrated industrial base within the country, which was central in previous eras, became no longer central. Growth, in and of itself, and in measurable short terms, became no longer central either.



The new doctrine was not classic laissez-faire, nor monolithic. The government had to develop and regulate infrastructure and education; organise a “flexible” labour market, with enough unemployment to keep it boss-friendly; manage social peace; keep taxes for the rich low and regulation light though at least minimally stabilising; open doors for foreign investment; create new investment openings by privatisation; maintain its currency as a reliable, easily-traded token in global markets; and ensure that its government bonds figured in markets as reliable and easily-traded. It could reshuffle priorities in that package, neglect some, serve others in

different ways.

In the introduction of neoliberalism, by governments like Thatcher's and Reagan's and through the imposition of Structural Adjustment Programs by the IMF in the 1980s and early 90s, there was much of a narrow class-revanchist drive to destroy the institutionalised protections won by working classes as anxious bourgeoisies dispensed concessions to restabilise their world after 1945. There was also, in privatisation, much of a drive to distribute loot to cronies, give plausible sops to the middle class and some better-off workers, and fragment union organisation.



The result, however, was not just a swing in the balance of forces within the same regime. It congealed as a new regime.

The new regime expanded after 1989-91. The ex-Stalinist states were brought into the capitalist world markets. China's integration into world markets, initiated around 1978, flowered: capital inflows to China nearly quadrupled between 1990 and 1993. The institutions built up under US sponsorship to regulate those markets (IMF, WTO, G7, EU, BIS) were expanded smoothly to cover the new wider markets. "Globalisation" became a catchword, reflecting a new expansion of global supply chains. The iPhone production process, for example, spans at least eight or nine countries just for the main contractors for its main components. An IMF study finds that between 1986 and 2000, each \$1 increase in world output was accompanied by a \$2.20 increase in world trade, while between 1970 and 1985 the figure had been \$1.30.

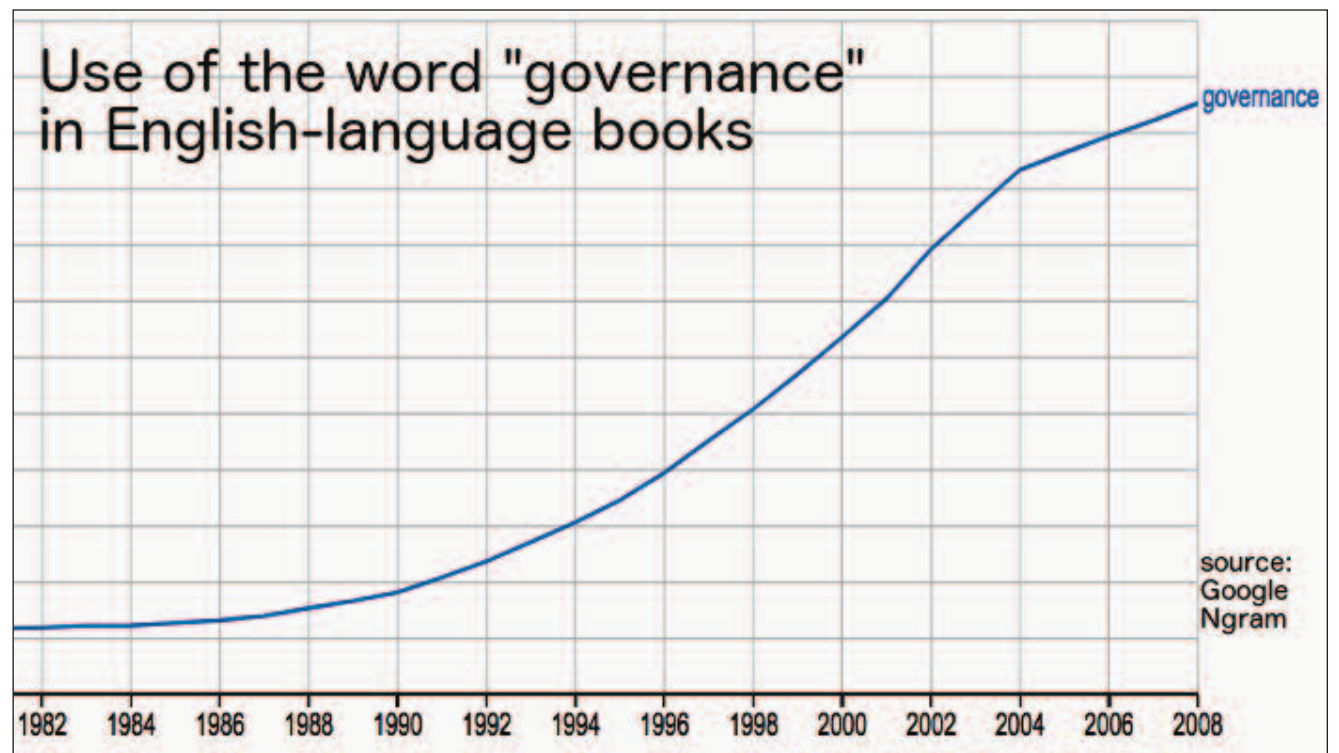
The financial derivatives markets, tiny before the mid-1980s, exploded. Corporations investing or paying suppliers in a dozen countries, taking revenues in another dozen, and deciding where in the world to hold their large cash stashes, needed to "hedge" against movements in exchange rates and interest rates, and from that basis spiralled an enormous market for trading on the risks. Despite being much condemned in 2008, those derivatives markets have continued to thrive since very soon after the crash.

Neoliberalism has been not just, or primarily, an ideology. It is a world economic regime, something which politicians in every country have faced as an external fact beyond their control. Neoliberal ideologies are internalisations of the constraints of the regime, not theories dependent for life on successful confrontation with evidence and debate.

Everywhere neoliberalism battered labour movements and subjected workers to sharpening world-market competition. The swingeing laws against trade-union action introduced by the Thatcher government in Britain in the 1980s, and the drastic restructurings of industrial relations in Australia, are exceptions, but everywhere labour protections and workers' legal rights have been weakened to create labour markets more "flexible" for global capital, and the accelerated swirl of economic restructuring and bite of competition has constantly outpaced trade unions' attempts to keep up.

In many poorer capitalist countries, from the 1940s through to the 1970s, "Stalinism [had] appear[ed] more and more as the 'theory' of the manager", as Tahar Benhouria put it about Algeria. Now, when many of those countries had developed a broader infrastructure, freight costs had diminished, and global capital had become more footloose, the religion of the manager became neoliberalism.

The pioneering neoliberal government had been Pinochet's in Chile after the 1973 military coup, and in Turkey neoliberalism was initiated by Turgut Ozal under the military regime imposed by the coup of 1980. Chinese governments have



pursued neoliberalism with scarce any liberalism, maintaining a totalitarian polity and forced-labour camps. But in many areas there was some "liberalism" in neoliberalism.

Under neoliberalism, global capital desires a "rules-based order" (a term which has sprung into use since the mid 1990s). The rules must favour capital, but exactly how they favour capital may be secondary to the negotiability and predictability of the rules.

"A democratic republic is the best possible political shell for capitalism", remarked Lenin in *State and Revolution*. So long as the labour movement is not yet strong enough to use the rules of bourgeois democracy to threaten capitalism, bourgeois democracy is the best frame for regular, impersonal, expertise-based administration. Or for "governance", a term which, tellingly, is used more and more to describe the running of corporations, public administration, and political government as variants of one and the same thing.

Max Weber, the early-20th-century theorist of bureaucracy, knew that the German Social Democratic Party of his day was advocating a democracy that challenged officialdom. Yet, looking at bourgeois democracy in the USA of his time, he concluded that "the progress of bureaucratisation [regular, impersonal, expertise-based] in the state administration itself is a parallel phenomenon of democracy". And of developed capitalism: "The peculiarity of modern culture, and specifically of its technical and economic basis, demands... 'calculability' of results... 'calculable rules' is of paramount importance for modern bureaucracy... Since the French Revolution, the modern lawyer and modern democracy absolutely belong together". (Gerth and Mills, *From Max Weber*).

With neoliberalism came more lawyers, more bureaucrats, and, in some parts of the world, bourgeois democracy, of a sort. From 1970 to 2010, the number of lawyers in the world grew

from 1.1 million to 5.0 million. By about 1992 every country in Latin America other than Cuba had some form of parliamentary elections and rights to exist for political oppositions and trade unions independent of the state. Even in Paraguay, where the pro-Nazi dictator Stroessner had ruled from 1945 to 1989, there are now some democratic forms. In El Salvador, where the leftist FMLN fought a civil war against a military-dominated regime equipped with notorious death squads between 1980 and 1992, the FMLN has held the presidency since 2009. In Nicaragua, Sandinista leader Daniel Ortega has been president since 2007, and is credited with "pro-business measures that have led foreign investment to increase by a compound annual growth rate of 22% between 2005 and 2014", and "considerable budgetary discipline". In Brazil from 2002, the Workers' Party regime combined friendliness to global capital with sizeable redistributive reforms.

In Eastern Europe, where in 1989 we feared military regimes would probably succeed the shattered Stalinist structures unless the working class could prevail, more-or-less parliamentary regimes survive.

Cheap labour is one reason for global capital to roam, but not the only one. Capital also requires flexible stocks of qualified labour and infrastructure of all sorts. Capital has flowed to countries of middling wage levels more than to those of the lowest wage levels. In 2014-5, the ILO estimated that real wages in China had been growing at near or over 10% a year since the 1990s, doubling every seven years or so, although workers' share in value-added fell from 54% in 1992 to 47% in 2011. Strikes had a peak in China in 2010, and have increased largely since 2011. Strikes have also become numerous in Vietnam since 2006, often with more government complaisance than in China. Across Asia and the Pacific, wages in Asia and the Pacific had risen almost two-and-a-half fold between 2000 and 2014-5. And yet capital continues to flow there, only over time to higher-tech business.

According to one analysis, Apple saves only \$4 per iPhone by assembling the phones (from parts made by specialist world-market-dominating contractors in many countries) in China rather than the USA. Its chief advantage from siting assembly in China is to be able to mobilise labour (including highly-qualified labour) more flexibly, and to be able to park its profits outside the USA at a lower tax rate.

Bourgeois democracy was spread wider, but was also thinned out in the countries where it had already been established. Neoliberalism has been an era of bureaucratisation of politics. Blair's New Labour in Britain, and Clinton's New Democrats in the USA, have exemplified an international trend.

From the 1990s, it has become standard neoliberal dogma that central banks should be "independent" — immune to democratic control. Not because what they do is so unimportant that it need not be subject to democracy, but because it is so important that there should be no risk of democracy messing with it.

Elected representatives have become surrounded and in-



sulated from the populace by ever-increasing numbers of their own staff, of think-tanks and PR companies, and of business and NGO lobbyists. The number of staff employed by MPs at Westminster has increased from almost zero at the start of the 1970s to 1,846 in 1998 and 3,150 in 2015. In 2002, a US expert estimated that world-wide: “two-thirds of all the think tanks that exist today were established after 1970 and over half were established since 1980”.

In Britain, many MPs spend their whole adult lives either at university or in or near this wonk-world. The audibility to them of their voters, or of the ordinary members of their political party, cannot but fade in comparison.

The *Financial Times* journalist Edward Luce, a former speechwriter for Lawrence Summers and no brash populist, writes of the Hillary Clinton campaigns for the Democratic nomination and for the presidency in 2016: “I have spent a fair amount of time interviewing leaders of... cult groups... around the world. I have yet to come across a more airtight example of groupthink than Hillaryland... The technocratic mindset has gripped political elites across the Western world” (*The Retreat of Western Liberalism*).

Neoliberalism is often called an era of deregulation. Neoliberal governments have repealed many worker-protection laws — but only to add more regulations of their own.

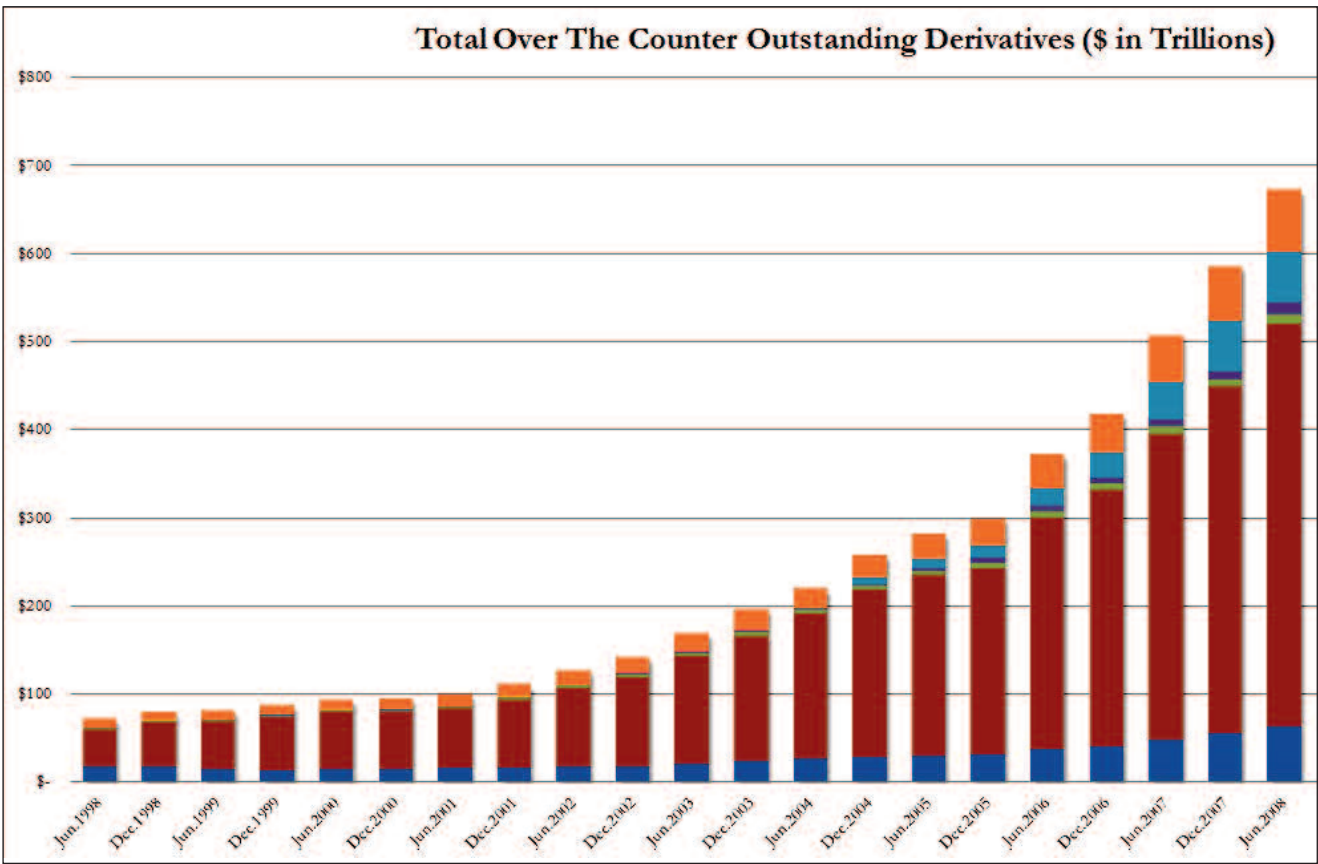
As David Graeber puts it: “The more liberal members of [the] professional-managerial elite became the social base for what came to pass as ‘left-wing’ political parties, as actual working-class organisations like trade unions were cast into the wilderness... It set the stage for the process whereby the bureaucratic techniques (performance reviews, focus groups, time allocation surveys...) developed in financial and corporate circles came to invade the rest of society — education, science, government” (*The Utopia of Rules*).

Thatcher privatised the electricity industry in Britain in 1989, for example — with hundreds of pages of legislation and thousands of pages of licences and contracts, drafted by hundreds of lawyers.

The number of Statutory Instruments (laws made by ministers without reference to Parliament, under general authority given in Acts of Parliament) was 2,000 a year or fewer, and if anything on a declining trend, at the start of the 1980s: since 1992 it has risen since then to between 3,000 and 4,000 a year (roughly, ten new laws a day). The number of pages of legislation rose from about 5,000 a year in the early 1980s to around 12,000 in 2005-9. (*The Volume of UK Legislation*, Commons briefing paper CBP7438, April 2017). In the USA, the Glass-Steagall bank regulation law of 1933 had 37 pages; the Dodd-Frank law of 2010 — 2,300 pages.

And then there are the thousands of pages of “terms and conditions” issued by commercial companies which each one of us clicks to “accept” online every year.

Neoliberalism has also brought the apogee of credentialism, the restriction of the best jobs to those with formal credentials, i.e., mostly, university degrees. The content learned at university is generally not used in those jobs or valued by



the employer, but the applicant’s ability to negotiate through university (or to negotiate to a “good” degree in a “good” university) “signals” to the employer that they are likely to be suave, confident, compliant, adaptable, industrious, and so on. (Michael Spence, *Job Market Signaling*, QJE 87(3), 1973). “The content of education has become increasingly irrelevant, except in the very short term of passing a particular course or... exam” (Randall Collins, *The Credential Society*).

This shift explains why social mobility has not increased, or has even decreased, in an era of the great widening of university education. People from poorer backgrounds who don’t get to university could previously “work their way up”. Now they hit a ceiling impassable to non-graduates. Meanwhile, almost all well-off families push all their children through university, which in a previous era they did not. And those who don’t get to university are “excluded from professions of public influence” (Graeber).

Neoliberalism’s political battering of labour movements, and economic imposition on them of a rapid swirl of change and ever-sharper blasts of world-market competition, have reshaped those labour movements; so have bureaucratic and credentialist trends in neoliberalism.

Unions have tended to retreat into public-sector, white-collar, credentialled areas. In the USA in 2014, 37% of public-sector workers were unionised, but only 7% of private-sector

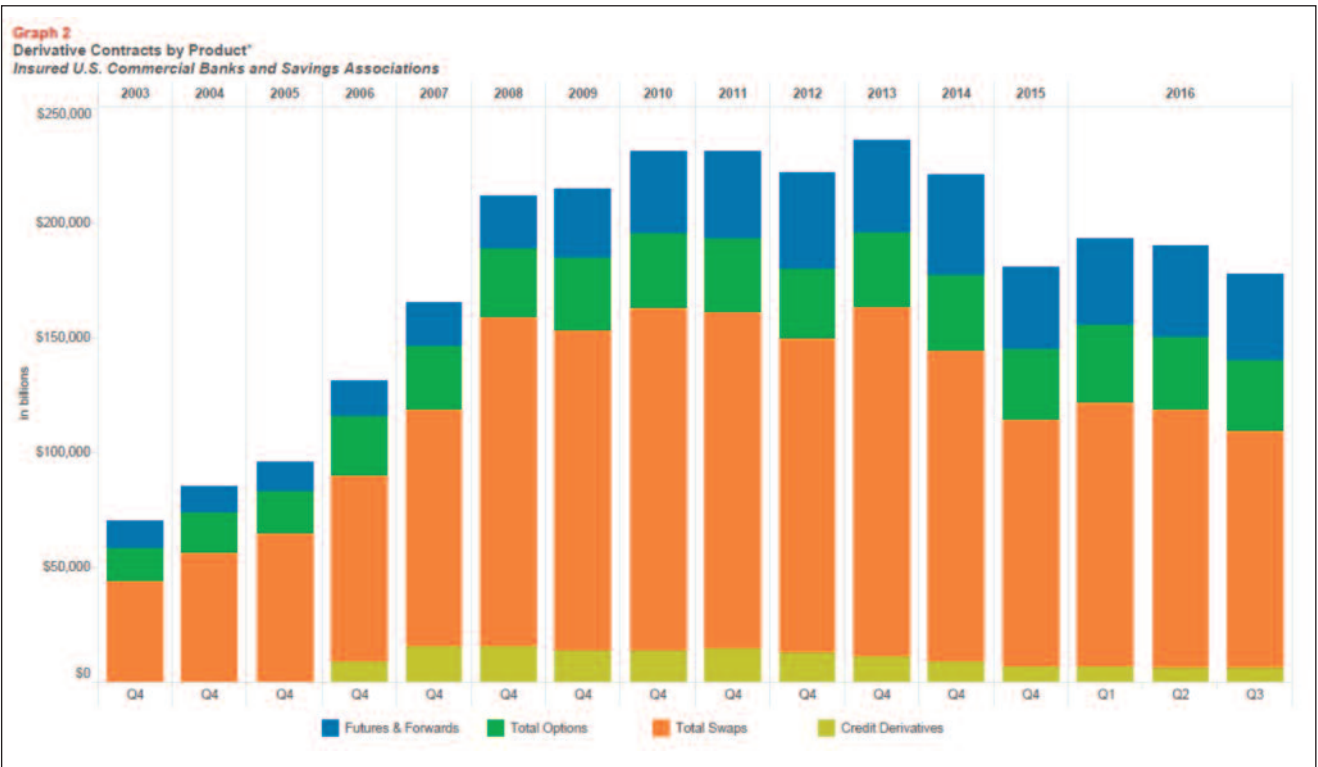
workers. 13% of college graduates were unionised, but only 5% of those who had not graduated from high school. 13.5% of workers over 55 were unionised, but only 4% of those under 24, although younger workers esteemed unions more than older people (61% aged 18-29 favourable to unions, less than half of older people: Adler and Tilly, *The State of the Unions in 2014*, UCLA). The trends are similar in other countries.

That labour movements, in quiet times, rest mainly on the better-off, more-qualified sections of the working class is not new. In 1892 Wilhelm Liebknecht remarked to the congress of the solidly-proletarian Social Democratic Party of Germany, as an obvious fact, that: “the greatest portion of you who sit here are certainly to a considerable extent aristocrats among labour — I mean with respect to income”.

But that general fact translates under neoliberal conditions into a bias towards lobbying in the bureaucratic politosphere rather than reaching out towards the rest of the working class.

Young people radicalised in the movement against the US war in Vietnam, in the late 1960s and early 70s, often went on to become trade-union activists (mostly in better-off white-collar sectors) and grass-roots political activists, sometimes to become academics. No statistics exist, but the best guess must be that most of those who remained active after being roused by the “new anti-capitalist” mobilisations after Seattle in 1999 at best became full-time union officials after little or no time on the shop floor, more often ended up in the increasingly “professionalised” and lobbying-oriented NGO sphere. A study of NGOs in Britain finds that “if NGOs were the product of the rise of professional society, they have also gone on to be its willing advocates and drivers... [mostly through] the steady work of salaried staff who have chosen to pursue a career across the NGO sector as a whole” (Hilton and others, *The Politics of Expertise*, p.56).

The bureaucratisation of bourgeois democracy, and the swamping of political discourse by bland, managerial, focus-group-oriented patter and soundbites, also shrivelled the levels of interest in political debate and commitment to democracy within the labour movement. Even with the great revival in the Labour Party brought by the Corbyn surge since 2015, still the model of policy-making as handed down by clever people in a “Leader’s Office” goes largely unquestioned. Whereas in 1990 — when the early 1980s Labour left was already heavily diminished — it was still taken as axiomatic across the widest range of Labour’s constituency left that the banning of a small and none-too-popular Trotskyist grouping round the paper *Socialist Organiser* must be opposed, today a sizeable section of the pro-Corbyn left considers the summary expulsion by Labour of hundreds of activists either desirable (to save Labour from “Leninist infiltration”) or distasteful but not worth fussing about.



The structural shifts, rather than the alleged embedding of neoliberalism into the very souls of the populace, were what brought us into the 2008 crash with triumphalist and confident bourgeoisies, and with limp labour movements.

The high neoliberalism of the 1990s also reshaped the radical activist left. Almost all that left, to one degree or another, had come to comfort itself with ideas identifying the Stalinist revolutions and coups, from Yugoslavia in the 1940s through China to Afghanistan in 1978, and other state-centred nationalist movements in poorer countries, as (if seen with subtle-enough theoretical insight) deformed first stages in world revolution, and promising blows to imperialism (identified with the USA and its allies). The quick transition of the anti-Stalinist uprisings in Eastern Europe in 1989 towards integration into world-market neoliberalism, and the bourgeois triumphalism of the 1990s, were inevitably dismaying.

Demoralisation followed, sometimes fronted up with tinny ultra-leftist bravado, mostly sustained by seeing Islamic clerical-fascist movements or other new substitutes as surrogates for the collapsed Stalinists in continuing a militant challenge to "imperialism". This mindset was and is deeply inimical to the task of digging into the labour movement and turning it towards rebuilding organisation across the working class.

And then came the crash.

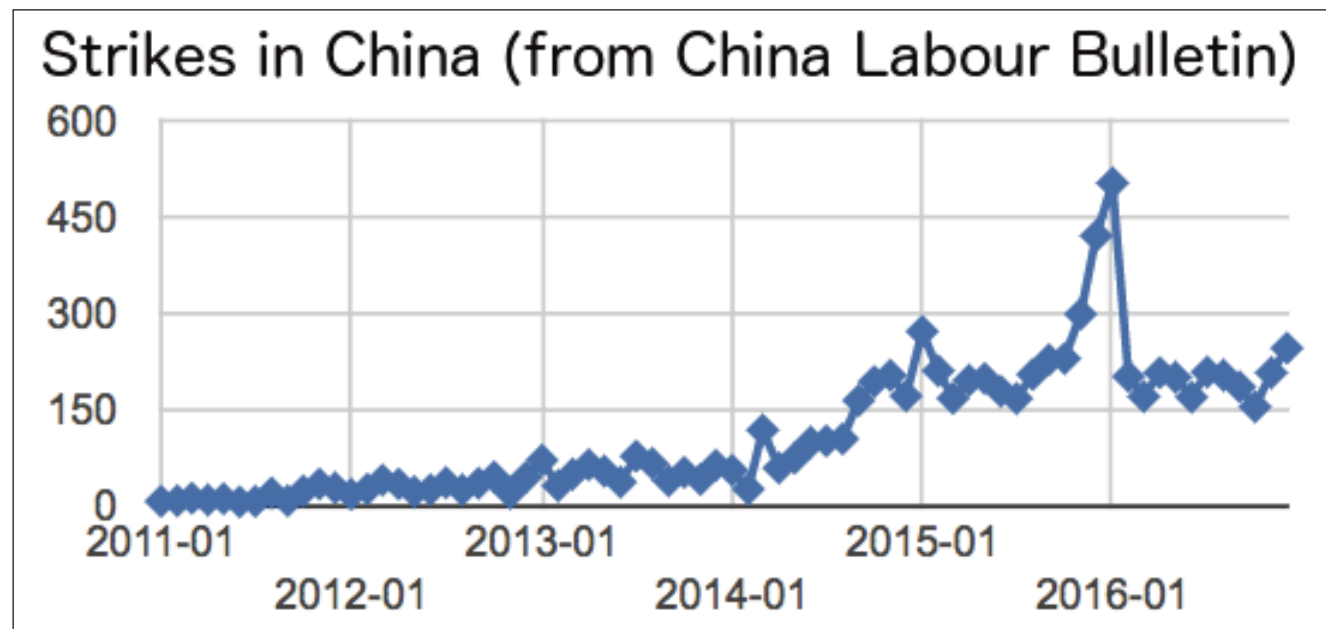
Anxious to deny that capitalism had been discredited altogether, the *Financial Times* nevertheless editorialised in the wake of the 2008 crash (10 March 2009) that the crisis was "the consequence of bad economics". "This is not the bankruptcy of a social system, but the intellectual and moral failure of those who were in charge of it".

Thomas Sargent, one of the main figures of hard-line neoliberal economics, responded by saying that models based on his sort of theory are just "designed to describe aggregate economic fluctuations during normal times... they are not designed to be theories of financial crisis". His comrade Robert Lucas said: "We are not going to have, now or ever... a set of models that forecasts sudden falls in the value of financial assets". Eugene Fama: "We don't know what causes recessions... We've never known".

Yet "those who were in charge" remained in charge, and by mid-2010 were promoting neoliberal cuts in social provision and abrogations of workers' rights as keenly as ever. Parties like Syriza in Greece and the Workers' Party in Brazil followed the rules.

Neoliberalism was resilient because it is not just a policy or an ideology, but because its multifarious policies and insidious ideologies are generated, and more-or-less mechanically regenerated in bourgeois circles, as adaptations to a world regime.

It was not infinitely resilient: far from it. Bankers and governments were heavily discredited. Many young people became more open to anti-capitalist ideas, a shift flagged up by the Occupy movement in 2011-2, the Sanders campaign in the USA in 2015-6, and the Corbyn surge in Britain. Marx's *Capital* sold briskly, notably in Germany; in 2014 Thomas Piketty's 700-page *Capital in the 21st Century* would outstrip



Marx in the best-seller lists.

Despite the claims of timid social-democratic politicians and union leaders, workers can win sizeable gains even within neoliberal frameworks. The redistributive reforms made by the Workers' Party in Brazil after 2002, and the large wage rises in China and Vietnam under pressure of successive waves of illegal strikes, are examples.

To break out of the whole neoliberal framework, and institute a socialist workers' government, is not sustainable in a single small country; but then it has been true since the day of the Communist Manifesto that "united action, of the leading civilised countries at least, is one of the first conditions for the emancipation of the proletariat". A workers' government would have to prevail over a large region, or group of countries, to survive even in the short term; but improved communications can be used by workers and by labour movements as well as by capital.

That the years following the crash of 2008 saw no revolutionary working-class challenges to capital, and indeed that "those who were in charge" brazened out their "intellectual and moral failure" and reasserted control, was due not to any guaranteed durability of the system. Rather, that happened because the difficulties of previous decades meant that the crisis came upon labour movements and left-wing political organisations too weak, too timid, and too disoriented to take the initiative. The *Financial Times* noted, with some glee but also a touch of surprise, that "the European left appears bereft of ideas and incapable of inspiring voters at a time when economic conditions ought to be working strongly in its favour".

On the far left, Olivier Besancenot of the New Anti-Capitalist Party in France briefly, in 2009, gained an opinion-poll approval rating of 47%. Sizeable splits from the NPA, in the direction of forming alliances with the French Communist

Party and others, in 2009 and in 2012, dissipated that support, and the rump NPA became more a loose coalition of factions than an effective party.

By May 2014 the European Parliament elections showed a surge of the demagogic nationalist right. In France, the revolutionary left scored only 1.6%. Solidarity explained the setback.

"The 'official' left... is wretched. Too many people of left-wing sympathies have been cowed by the aggressive power of global capital, and fear to campaign boldly for their ideas in public..."

"The left-wing oppositionists who still exist within the 'official' left parties have been too weak and timid... The activist left has not found a way to cohere the tens of thousands of the left-minded into a political force which offers a grand narrative to broader millions."

"Too often our activists are submerged in detailed campaign or trade union work. Too often our public profile is mediated through catchpenny campaigns and 'fronts'. Too often we opt for bland and limited messages for fear that more radical ideas will isolate us. Too often all the socialist groups roll along in parallel, each with its favoured set of little schemes and tactics, without discussing and arguing with each other, and without uniting in the large areas where we agree."

"The discontented, looking for a grand narrative, hear a seductive scapegoating story from the right which appeals to basic feelings of identity and territory".

They hear it. They are by no means fully and firmly convinced. They are not at all necessarily closed off to messages from the left.

The left, too, has been boosted by the discredit of mainstream politics, as we can see in the Corbyn surge, which as of July 2017 had brought the Labour Party to 560,000 members (*Guardian*, 18/7/17). On the far right, France's Front National, despite its threatening electoral successes, still has only 50-odd thousand paid-up members, not many more than in 1998). In the general election of 8 June 2017, Corbyn's push to the left brought Labour two-thirds of the 18-24-year-old vote, on a youth turnout estimated (unreliably) at about two-thirds of those registered to vote.

To be within the Corbyn movement, helping it and people within it to develop, rather than commenting from the sidelines, is mandatory. Mandatory also, however, is recognition that the political development of that movement is as yet tepid and vague.

The Corbyn movement has almost entirely failed to help its young supporters effectively to organise. It has capitulated to the Labour right, to vaguely-envisioned public opinion, and to the Stalinist elements within its own leading circles, on freedom of movement and European unity. And, although the Labour Party has opened up considerably, the Corbyn movement has done nothing yet to change the rules and procedures through which Blair, in his day, extinguished democracy in the labour movement. Some advances may be won on that at the September 2017 Labour Party conference, but even then they will be secondary and partial.

The decades of neoliberalism, building on infections from the decades of Stalinism, have plagued the labour movement with a decay of democracy. The NGO model of politics —



done by a staff of salaried and appointed experts and lobbyists, supported by a passive mass of supporters or subscribers — still has sway among much of the Corbyn base, as is shown by the fact that the 38 Degrees operation can be cited as an example of democracy and people power.

Developing cultures and procedures of democracy in the labour movement is essential if it is to rally its forces, bring in new young activists, and defeat the challenge from the right.

The task is not just to raise economic demands which outbid the right, but to develop and promote a full socialist program for the remaking of society. Plebeian support for right-wing and nationalist politics — or for mainstream neoliberalism — is not mainly or primarily based on calculations that those politics will “pay” economically. All the evidence from opinion surveys is that plebeians voting for Trump, for Le Pen, or for Brexit, have small expectations that any of those will bring favourable economic change. Their votes are based instead on “values” and a desire to express general social sentiments.

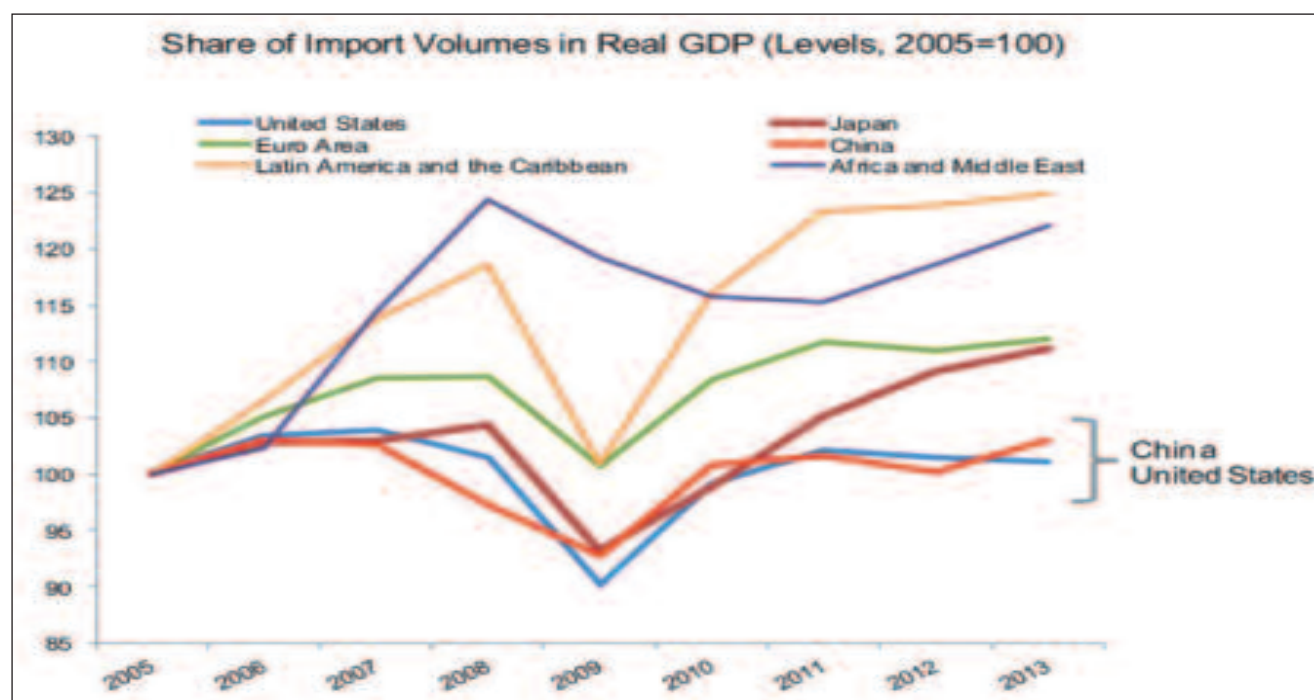
Neoliberalism has been called the most successful ideology in world history. But intellectually it has never been more than an aggregate of thin rationalisations. Its nearest approach to an intellectual core, post-modernism, “collapsed” as neoliberalism itself got into high gear, in the 1990s (or so the official billing for a retrospective exhibition on the movement, at the Victoria and Albert Museum in 2011-2, put it without apparent fear of contradiction).

In particular, neoliberalism has never generated a powerful ideological promotion of its own cosmopolitanism. It has been blocked from doing so by the fact that this cosmopolitanism, celebrating the free movement of trade and capital across the world, has conceded nothing to the free movement of people across borders other than the European Union’s internal free movement, and the USA’s grudging and tacit toleration of high illegal as well as legal immigration around the end of the 20th century and the start of the 21st. More characteristic has been not a real cosmopolitanism but points systems designed to filter in “broadly desirable human capital” (as a description of the most liberal of those systems, the Canadian, puts it).

Even Thomas Friedman, the most enthusiastic apologist of neoliberal globalisation, describes it as a “golden strait-jacket”. “Two things happen to your country when you put on the golden straitjacket. One is your economy grows — from more privatisation, deregulation, foreign trade and investment. Your economy grows and your politics shrink. Your economy grows and your political choices narrow to Pepsi or Coke, to mere nuances of taste”.

Another enthusiast, Francis Fukuyama, noted that the cosmopolitanism of 1990s globalisation was skewed, “remaking the world in a distinctly American image”.

Thus neoliberal ideologists have reverted to barebones bourgeois tropes, geared round nationalism. Their claim has been that their schemes represent “modernisation” (maybe painful, but shiny) which will benefit “the country”.



Blair’s election slogans were “Britain Forward, Not Back”, “Ambitions for Britain”, and “New Labour because Britain deserves better”. Gordon Brown, in 2004, initiated the “British values” blather continued by the Tories today. Reagan’s slogan in 1980 was “Let’s Make America Great Again”. The official “in” campaign for the 2016 UK Euroreferendum focused its message on a calculation that trade with the EU benefited British business.

Since the 2008 crash, growth of output has been slower than in previous capitalist recoveries, and growth of world trade slower still. The relative deceleration of world-trade growth seems to have started before 2008 and breaks a decades-long trend for world trade to grow faster than output. The stagnation of output and trade sets the scene for the new right-wing nationalist challenges. If patient cooperation with the set rules, procedures, and norms of the world markets yields bigger profits, and moreover appears as “modernisation”, then each bourgeoisie is likely to opt for it, and busy itself with instructing its populace that it is the way things must be. If over almost a decade, and with no end in sight, the patient cooperation seems to bring mainly costs and few benefits, then sections of the wealthy classes will opt for more aggressive nationalist tactics, and rally plebeian support for them.

The new right-wing nationalist challenges to the neoliberal order can build on bases laid by neoliberalism, and in some ways emerge as extreme expressions of neoliberalism.

They strip off the cosmopolitan, liberal-ish, consensus-management, mildly “social” trimmings that neoliberalism developed in the 1990s, and strip it down to the hard metal. They present a vision of their states acting in the world arena, not as cooperative and moderate negotiators of long-term al-

liances and frameworks, but in the same sort of “creative-chaos” way that corporations act economically: eye-gouging rivalry mediated and alternated with a whirl of deals, consortia, joint ventures, and contracting-out arrangements.

Capital may, if it can offload enough costs onto the working class, surmount the post-2008 stagnation and the contraction of trade relative to output: at least, no solid evidence yet refutes that as a possibility. But the turnaround is not yet in sight. The new crash, or at least third “dip” following the 2008 crash, which many feared would come in 2015 from unsustainable accumulations of corporate debt in the middle-rank economies and China, did not happen. But a new crash, maybe of a different sort, is nevertheless likely soon: capital has done nothing serious since 2008 to limit or tame its characteristic propensities to crisis.

Cristina Constantinescu and others, for the IMF, have analysed the relative contraction of trade. They find that the shift of trade volumes from manufacturing to services has not been fast enough to explain it. The relative diminution of oil and gas trade, measured in dollars, with lower prices and the USA’s fracking boom, is not enough to explain it either. Nor has it been due to protectionist government policies: the increase so far in such policies has been marginal. The relative contraction of trade has come with a real contraction of global supply chains, but one much focused in two countries, the USA and China.

Where before Chinese factories may just have assembled items for export from parts made in other countries and imported to China, now Chinese capital, in the vast surge of internal investment with which China followed 2008, has developed more capacities to make those parts within China and shorten its supply chains. The 1990s’ great flurry of supply-chain expansion has reached a limit, for now, and subsided.

Constantinescu and her co-authors comment, truly, that “there is still considerable scope to enhance the international division of labor by drawing in regions that have been at the margin of global supply chains, such as South Asia, Africa and South America”. But when that may happen is another matter. (IMF Working Paper, *The Global Trade Slowdown*, 2015).

Thus there is no quick end in sight to the right-wing nationalist surge.

It is an anti-democratic surge. In that it probably builds on neoliberalism’s systematic thinning-out of democracy, and reduction of it to formal procedures which must seem to many to be useless encumbrances. In 2014, one in six of all Americans, and fully 35% of well-off under-25 Americans, thought that it would be a “good” or “very good” thing for the “army to rule”; those percentages had gone up from 6% in both categories in 1995. In 2014, 34% of all well-off Americans thought it “good” or “very good” to have a “strong leader” who didn’t have to “bother with parliament and elections”; in 1995 it had been 19%. The trends in Europe (and Latin America) are similar though less marked (Foa and Mounk, *The Democratic Disconnect*, Journal of Democracy 27 (3), July 2016).

In 1995 the poor had been more likely to disdain democ-



racy than the well-off; by 2014, in both the USA and Europe, the well-off were more likely to disdain it. Despite much talk about Trump's appeal to the working class, his voters in 2016 were on average better-off, and his approval ratings now are better in higher-income groups (though not good even there).

Marine Le Pen in France, by contrast, does have an electoral base skewed to the worse-off. It is not true, as sometimes appears from hasty comparisons, that the left-wing working-class vote which previously went to the Communist Party has shifted to Le Pen: much more, those previously left working-class voters now abstain, while working-class voters who previously backed the mainstream right, and many who previously abstained, now vote for the Front National.

Equally true for Trump in the USA, Le Pen in France, Brexit in the UK, the PiS in Poland, or Theresa May's Tories in June 2017, is that their vote is higher in small towns (which often have lower average incomes) and lower in big cities. In 2017 Le Pen won only 5% of the vote in Paris; 7% in Rennes, Nantes, Bordeaux; 9% in Lyon; 13% in the whole Ile-de-France region including Paris. In 2016 Trump won only 10% in Manhattan, Bronx, and San Francisco, 18% in Brooklyn; only one of the USA's 37 biggest cities (Oklahoma City, no.27). Generally, anti-immigrant feeling is higher in area where there are fewer immigrants, sometimes practically no immigrants at all.

The new right-wing nationalists get lower votes among those with more education. With Trump and the Tories, at least, this seems paradoxical. Higher education is closely correlated with higher incomes, but they do better among those with higher incomes and worse among those with higher education. (The Tories lost 32%-49% to Labour among university graduates in June 2017; Trump lost 37%-58% to Clinton among those with postgraduate degrees, now about 12% of each cohort). Partly it is that younger people are both less likely to vote right-nationalist and more likely to have university education. Partly, the result may be due to resentment among the uncredentialed, including or even especially the relatively well-off uncredentialed, against neoliberal globalisation's bias towards the credentialed.

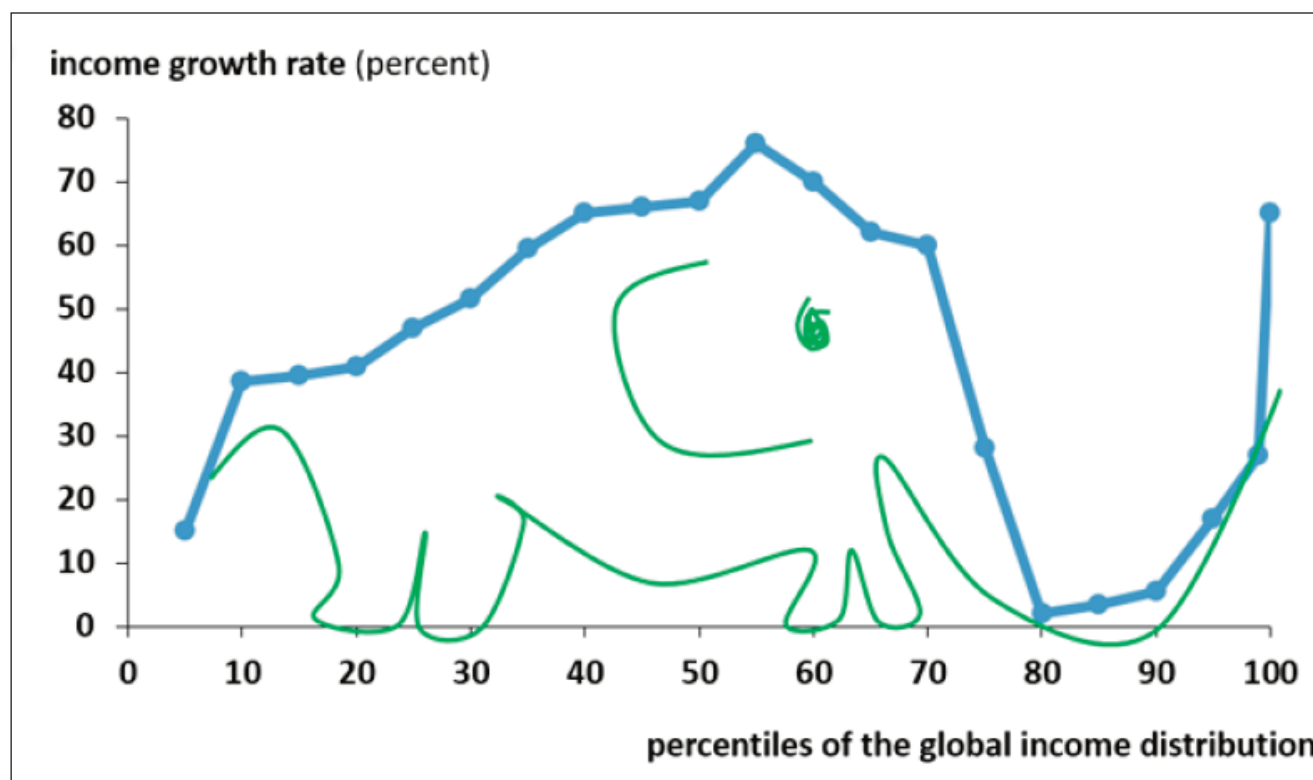
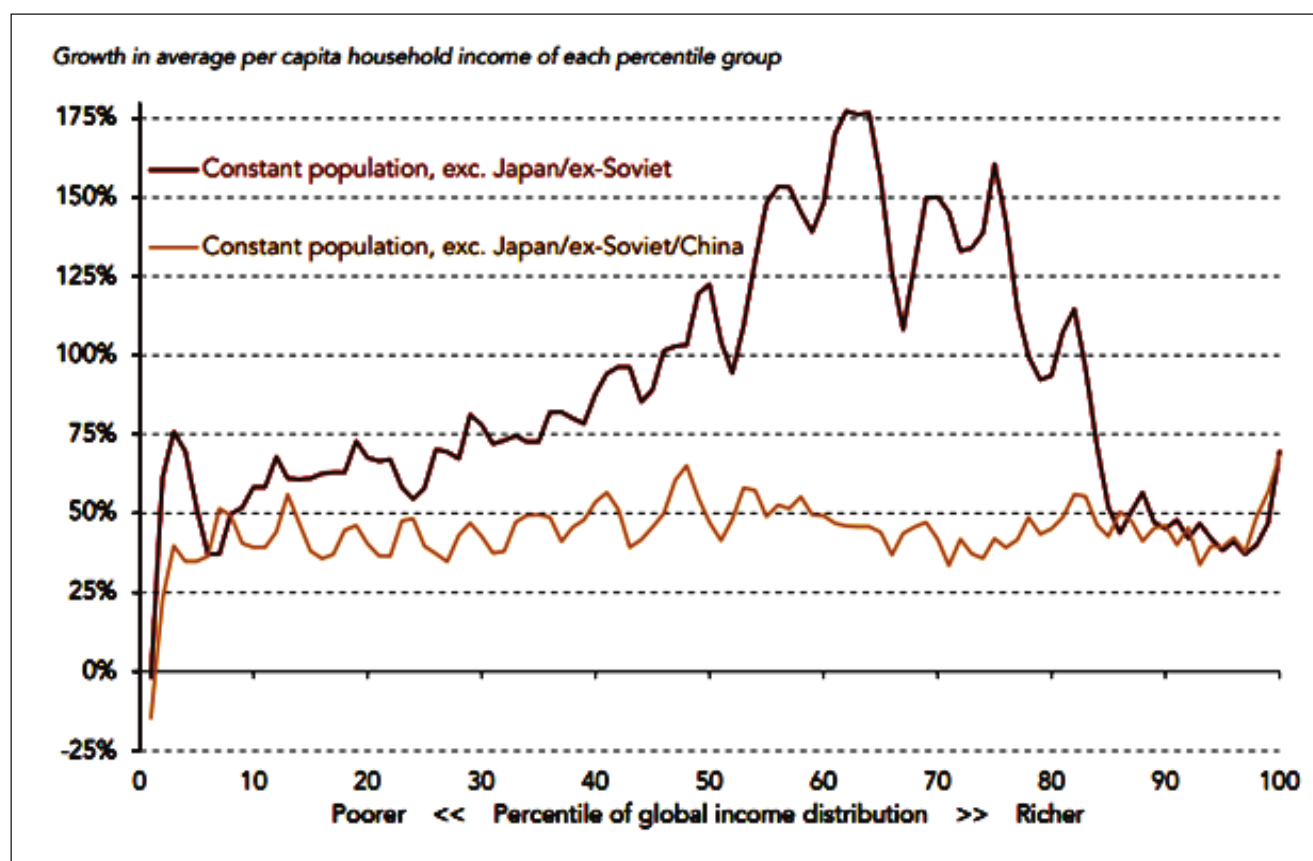
At first sight the right-nationalists are based on declining sectors of the population: native-born, white, older, living in declining areas. However, the Front National in France, starting with an electoral base of that "declining" sort, has expanded it to reach large numbers of young people. The regressive right in the Arab world, the political Islamists, have also won youth support.

Statistics indicate that it is simplistic to say that moves to right-nationalism directly reflect economic difficulties. The USA, where Trump triumphed, has done less badly than Europe and Japan since 2009. In western Europe, right-nationalism has gained most ground in the better-off countries, less in hard-hit Spain, Portugal, and Ireland. In eastern Europe, right-nationalism has gained most in Poland and Hungary, which (outside a sharp slump for Hungary in 2008-10) have done better economically than most east European countries since the 1990s. Erdogan in Turkey and Duterte in the Philippines have made their swings to the right against a background of markedly-better-than-world-average economic growth since 2009.

The US economist Branko Milanovic has produced a chart, the "elephant graph", appearing to show that middling-income people in richer countries like the USA and Western Europe did badly between 1988 and 2008 while the poorest did worst still, many people in poorer countries gained rapidly, and the very richest did very well. Some say that this explains the right-nationalist revolts in the USA and Western Europe.

However, Milanovic's graph compares those at the 80th percentile in the world (i.e. better-off than 80% in the world, worse-off than 20%) in 2008 with, not the same people in 1988, but the 80th percentile in 1988. Adam Corlett and Caroline Freund have reanalysed the figures, and found the following picture:

1. In Japan and Eastern Europe, little income growth between 1988 and 2008, and most of that for the well-off, with poorer people ending up worse off.
2. In China (and a few other countries), a big growth in middle incomes (and in the highest incomes), though stagnation for the poorest.
3. In the rest of the world, tidy increases for most, but very little for the poorest, and a lot for the best-off.
4. In the USA specifically, much smaller increases for the



majority of the population, and much bigger increases for the well-off.

There is no neat correlation between stagnant income and right-nationalist revolt. The right-nationalist revolts are influential also in many well-off social layers, and promise to cure "national" rather than individual economic malaise.

Politically, the cutting edge of the new right-nationalist revolts is Le Pen's Front National in France. It is an electoral and electoralist party, at pains to "de-demonise" its image, and lacks a street-fighting wing. The FN also has a fascist core cadre and a fascist ideology. It functions as the electoral-political wing of a broader fascist current, with a tacit and varying division of labour between itself and other, street-fighting, fascist groups. It preaches a cult of the nation, the state, and the leader. Although it says it accepts the right of trade unions to operate, it denounces the existing union confederations like the CGT as "the transmission belt for a far left which is moribund but still pseudo-revolutionary and often ultra-violent", and promises changes in the law to push them aside.

If the FN should win government, it would not have the forces to crush the labour movement immediately, but it would open a period something like that under Mussolini in Italy between 1922 (when he took power) and 1926 (when he imposed full fascist rule). The chances would remain of de-

feating the FN before it reached the "1926" stage, but even immediately repression would be heavy against immigrants, the left, and the unions.

The economic course of an FN government remains unclear. In the 1980s the FN promoted itself as having economic policies similar to Reagan's and Thatcher's neoliberalism. Now it rages against "ultra-liberalism" (meaning economic liberalism), "hyper-austerity", "Brussels and German imperialism", and "totalitarian" globalisation.

Marine Le Pen fought the April-May French presidential election on a platform of quitting the Euro and calling a referendum on French membership of the EU. However, she may retreat from that. In July 2017 her long-time economic adviser Bernard Monot recommended dropping the policy to quit the euro, and Le Pen commented only that the debate is still open in the FN. It is possible that Le Pen's nationalist drive may disrupt the EU seriously, but for the present it is likely that that some European arrangement with free trade and extensive common regulation would survive. Neoliberal imperatives would gain strength in individual states, rather being weakened, by whatever moves there were to break the EU up into more self-contained economic units, since larger economic units can be more sure of attracting global capital flows whatever they do.

Economically, Trump is the cutting edge. Historically, the

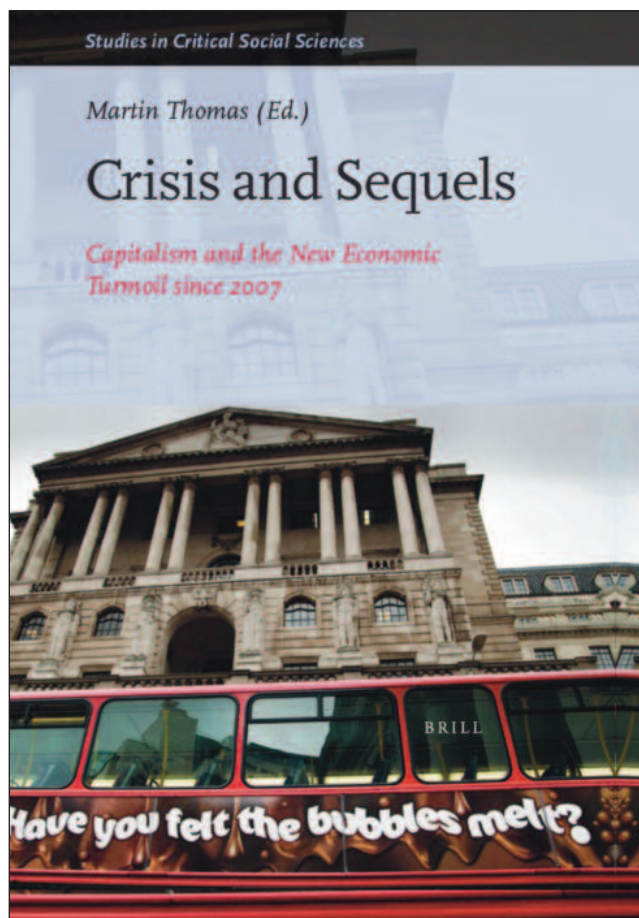
USA has been both the keystone of globalised neoliberalism — it is the central sponsor of all the international institutions which regulate it — and a partial exception to it. Everywhere else, neoliberalism means remaking life in a more cosmopolitan but also “distinctly American image”: that imperative does not apply in the same way to the USA.

The USA, confident in its huge markets and resources and stashes of capital, has never worried much about tailoring its policies to attract foreign investment, as other governments do. It has not even felt an imperative to harmonise tax structures across its 50 states. Value-added taxes are, as one economist puts it, “the cornerstone of the neoliberal tax system”, since they are deemed to distort market signals less than other taxes. The USA has no value-added tax, though all other OECD countries, and around 140 countries worldwide, do. The USA, unusually, taxes its rich citizens on their global, and not just their US, incomes. It has the highest corporate tax rate of any rich economy. Alone with Liberia and Myanmar, it retains a system of weights and measures different from the metric system used everywhere else in the world. The Federal Reserve has been more undogmatic and free-and-easy about its monetary rules than other central banks.

So Trump starts from some already-established American exceptionalism. The size and riches of the USA give him more scope for reckless protectionist policies than other countries have. There is pressure for such policies: small businesses in the USA have done worse than big firms since the 2008 crash, and small-business opinion is more pleased with Trump than any other sector in the USA.

However, because the USA is the keystone, reckless US policies will have more disruptive effects on the intricately-negotiated frameworks of the world markets than reckless policies by any other power. In the US system the presidency has extensive powers to impose trade restrictions without resort to Congress. It is even harder to predict the economic-policy course of the Trump administration than it is to predict who will hold the key adviser jobs in the White House next week, but the risk of disruption is serious. It is serious even now. It will be much more serious in the event of another global economic crisis soon.

We thus face, simultaneously, new openings for the left,



The crash of 2008 and its sequels, discussed and debated between 14 left-wing political economists. Published by Brill, September 2017, at a price geared to university libraries. Library recommendation form at bit.ly/lib-r. Once the book is in a university library, all those with access to that library can get a printed copy at an ordinary price via Brill's "MyBook" scheme, bit.ly/cs-mybook. More on the book at <http://www.brill.com/products/book/crisis-and-sequels>.



The trend over decades has been for left and labour movement meetings to become smaller and less frequent. The Corbyn surge has begun to reverse that. Even before that, the trend has been for demonstrations to get bigger. The task: to draw the occasional demo-goers and clicktivists into regular, ongoing organising.

new dangers from the right, and radically uncertain economic prospects. How should we respond?

The activist left milieu exists primarily in big cities; it has organised roots and influence primarily among certain groups of generally better-off big-city workers; and by far the biggest concentrations of young people today, assembled in a way that makes it comparatively easy to promote politics among them, are on university campuses. Those are facts which we cannot jump over. Voluntarism is necessary for every revolutionary, but not fantasy voluntarism which envisages a tiny group, without adequate cadres or preparation or connections, suddenly rousing the most-difficult-to-reach sectors of the working class by notional “mass work”.

What Trotsky wrote about a “mass paper” remains true of other wishful schemes. “It is the elementary duty of a revolutionary organisation to make its political newspaper as accessible as possible to the masses. This task cannot be effectively solved except as a function of the growth of the organisation and its cadres, who must pave the way to the masses for the newspaper — since it is not enough, of course, to call a publication a ‘mass paper’ for the masses to really accept it... Our cadres will blaze the trail with increasing success for our ideas and slogans...”

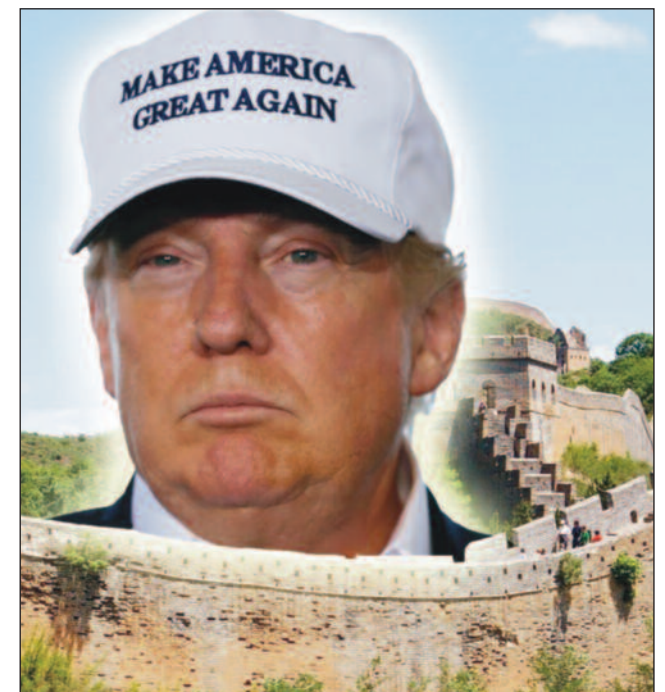
“Primitive accumulation of cadres” remains a priority. Without that, any scheme to turn round the labour movement, or the sections of the working class currently prey to right-wing demagoguery, is delusion. This “primitive accumulation of cadres” must be framed by a true picture of the tasks of the labour movement. A high priority among those, and one which even a tiny group can act on at least partially, is helping new young left-wingers organise themselves and reach out to uncredentialed youth. And the perspective of the work must be set as the democratic and programmatic transformation of the labour movement, not merely as the growth of the organised Marxist left (though that is a necessary instrument for the wider task), and not merely as the promotion of more strikes and demonstrations (though we surely need more).

Against a determined push by Trump and his like, the liberal bourgeoisie will not safeguard the moderate extensions of women’s and LGBT equality, the modest opening of opportunities to ethnic minorities, the relative freedom of movement for some across some borders, the mild cosmopolitanism, on which it prides itself. Having already let

so many civil rights be swallowed by the “war on terror” and the drive for “labour flexibility”, it will be no bulwark for the rest. The liberal bourgeoisie may not even safeguard the achievement of which it boasts most, the reduction of economic barriers between countries.

It falls to the labour movement to resist the right-wing surge and open new horizons. The labour movement cannot do that unless it mobilises; unless it cleanses itself of the accommodations to nationalism now so common over Brexit; and unless it spells out socialist answers which can convince and rally the millions of the economically marginalised and disillusioned. It falls to the left to fit the labour movement to do those things.

It falls to us to make the left capable of the task, and in the first place to rally and educate as large a body of activists as we can as an organised left-wing contingent which addresses the task.



Andrew Gamble on Trump and neoliberalism:
<http://www.workersliberty.org/node/31344>