

# TRANSFORM

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RADICAL LEFT

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EDITORIAL

# NEW THINK- ING FOR A NEW POLIT- ICAL ERA

Since the near-collapse of the global financial system in 2008, capitalism has plunged deeper and deeper into crisis. Governments have pursued austerity policies, ostensibly to reduce government deficits but in reality to destroy the social and economic gains working people have made over many decades, reducing wages and obliterating welfare states, further exposing populations to the brutality of neo-liberalism. The economic crisis has increasingly become a social and political crisis as many people face poverty, hunger, unemployment, homelessness, sickness and even death, as a result of the catastrophic and government-imposed failure of health systems and social services. The extremes of wealth and poverty have never been so great.

The early political response to the crisis emerged as a popular fight back, against austerity and establishment

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corruption in the streets and squares, workplaces, social and political institutions. Parties of the radical left built support across Europe, whilst the left governments of the anti-neoliberal ‘pink tide’ in Latin America built social and economic alternatives that defied decades of US domination and inspired millions. The Arab spring, with its upsurge across many countries, against political repression and extreme economic inequality brought hopes for democracy and social transformation in north Africa and the Middle East.

Yet whilst left and progressive forces have had some passing victories and brief moments in the ascendancy, it is now clear that right-wing forces have emerged stronger from the crisis and we are facing a surge to the right in world politics. The Arab spring has turned overwhelmingly to war and repression, the Latin American left is under brutal attack and in retreat, and the far-right in Europe is challenging and acceding to power in a number of countries. The Brexit vote in Britain can be understood as part of that political turn to the right – achieved on the back of a racist anti-immigration campaign, and consolidated by the May government. The disastrous election of Donald Trump has compounded and continued this trend – a radicalised right-wing victory based on a racist and xenophobic narrative.

The rise of the far right must be fought and defeated. Part of this is achieving absolute clarity about the nature of the reactionary forces we are confronting and totally rejecting any bending towards the false political narrative that condones racism in the supposed economic interests of a section of the working class. The Brexit/Trump trend

is a huge defeat for the workers' movement and democracy, and is a function of the partial or total capitulation to xenophobic anti-immigrant politics by liberal parties and social democracy.

This new journal of the radical left seeks to help provide a theoretical basis to advance the left in this new political context. It is informed by Marxism and also welcomes the contribution of other progressive political currents such as feminism and environmentalism. It seeks to theorise and critically analyse:

- The nature of the period and the character and composition of the key political and economic forces and factors
- The means and methods of political struggle and the organisation of working class and progressive forces to defeat the far right
- Left alternatives to capitalism and strategies for left political advance
- Working class unity and the politics of alliance building

We will work in solidarity with the *transform! network* of 29 European organizations from 20 countries, which is active in the field of political education and critical scientific analysis. *transform!* is the political foundation of the European Left Party, and we share its aims:

Overcoming war, dominance of capital, social injustice, patriarchy, imperial rule and militarism as well as racism, working towards the establishment of an association in which the uninhibited development of each and every person is condition for the uninhibited development of all shall represent

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the highest goals of this undertaking. The equality of all people and their solidarity represent the most important values *transform!* is based on.

Our pages are open for discussion and debate, at this crucial time in world politics. Please get in touch.

**Kate Hudson**



# THE WORLD ACCORDING TO TRUMP

Jude Woodward

The one thing that can be safely said about Donald Trump's foreign policy is that within weeks of assuming the presidency he had created an unprecedented furor in every corner of the globe. Observers were almost as taken aback by the US's gun-slinging president lashing out apparently indiscriminately at US allies and critics alike, as they were by his drive for rapprochement with Putin's Russia. The apparent randomness of Trump's invective towards targets from NATO to Japan, Australia to the EU, has fed a narrative that Trump is a total maverick in foreign policy, unpredictable, not to be trusted, ignorant, naïve, a bully and possibly mentally unstable.

But that is to underestimate Trump. Donald Trump is not a malevolent Forrest Gump, but the outspoken representative of a powerful revanchist strand of opinion in the US ruling class that believes Obama's foreign policy was too 'soft' and had allowed potential rivals for the US's paramount international position to strengthen unacceptably, while the US had made too many conces-

sions to its allies, suffered economically from taking on too much of the burden of military expenditure needed to police the world, and received too little corresponding economic support from its allies.

For Trump, 'Making America Great Again' means that the US's allies have to start paying more for America to stay ahead; and non-ally China has to be squeezed until it drops all barriers to exploitation by US finance and companies. Trump has said how he proposes to achieve this: through imposing terms of trade and insisting upon exchange rates that preference the US over its competitors; by demanding successful economies invest in the US or take up more US debt; and by insisting that allies increase their contribution to the West's military budget.

To achieve this, the US requires greater leverage than the state of its economy or its present alliances can necessarily deliver, hence the proposed opening to Putin's Russia. Firstly, such a US-Russia link up could be a reverse 'Nixon goes to China', allowing the US to bring sufficient pressure to bear that China is forced to concede to US demands to liberalise its economy and bow to the neoliberal economic rules demanded by the IMF and World Bank; and to support US international policy, for example in the Middle East. Secondly, such an alliance with Russia could exercise pressure on Germany, whose trade surplus is the largest in the world and which Trump eyes as a prize to prop up the US economy in the way Reagan exploited Japan to pay for an escalation of the Cold War in the 1980s.

## IT'S CHINA, STUPID

The prime imperative, shared across the US ruling class and foreign policy establishment, is to cut China down to size. China's helter-skelter growth since the mid-1980s, particularly in comparison to the growth in the imperialist countries since the financial crisis in 2008, meant that by 2015 the IMF estimated that measured in \$PPP (dollar purchasing power parity) terms the Chinese economy was already larger than that of the US, and it will not be long before it is larger in current market prices also. This is a development on an historic scale: no one living can remember a time when the US was not the largest single state economy on the planet. The last such transition in the modern world was when America overtook Britain in the 1870s.<sup>1</sup> It does not escape the historical knowledge of the US ruling class that within 70 years of that the Pax Britannica – based on sterling and the gold standard – had yielded to a new US-led world order with the dollar established as the world currency. The advance of China's economy towards overtaking that of the US economy in absolute size, if not yet in fundamental strength, is feared as heralding the end of more than a century of American global pre-eminence.

Moreover China has achieved this by rejecting the neo-liberal 'Washington Consensus' imposed by the IMF and World Bank in the wake of the defeat of the USSR. It has not privatised key state economic assets, including the banks; it has not deregulated and has maintained capital controls; it has driven the economy through state-led investment programmes; and it has kept control of the exchange rate of

the RMB (renminbi). The success of what China calls ‘market socialism’ means elements of this economic policy are beginning to spread elsewhere in the less-developed world in particular, weakening the ideological grip of the IMF and World Bank over global economic policy.

Militarily, of course, the US remains far more powerful than China. In 2015 US military spending, at \$596 billion annually, was around 36 per cent of total world military spending, as great as the next eight largest military spenders combined and Trump proposes to increase this by about \$180 billion or 1% of GDP per year. China’s military budget in 2015 was only just over a third of that at an estimated \$215 billion. Between 1990 and 2013 the US’s total military spending was \$12.5 trillion, while China’s was \$1.6 trillion in the same period.<sup>2</sup> Thus there is no comparison between the two in accumulated materiel and hardware. The People’s Liberation Army (PLA) may have an estimated 2.3 million troops compared to around 1.5 million US marines and soldiers. But the US army is vastly better equipped and has recent experience of active duty in a number of different environments. But deploying this military advantage against China is not so straightforward, as no one in the US establishment of whatever viewpoint seriously wants to risk outright war with a major nuclear-armed power.

Thus, while all sections of the US ruling class are united in the objective of containing or defeating China and preventing it emerging as any further challenge to the US’s position, America’s foreign policy, defence and security establishments are deeply divided on how this can be achieved. Taming China was the goal of Obama’s 2010

launch of a ‘pivot’ in US foreign policy to the Pacific, and it is at the centre of Trump’s foreign policy objectives now. But the tactics deployed by Obama and those threatened by Trump are very different.

## OBAMA’S ‘PIVOT’

Obama’s China policy had been to couple a US naval build up in the South China Sea and Western Pacific with steps to bind US allies into a broad ‘anti-China alliance’ by making a variety of concessions to their concerns.<sup>3</sup> He encouraged US companies to invest in ‘swing’ states like Myanmar, Indonesia and Vietnam. Alongside the Trans Pacific Partnership’s well known egregious extraterritorial imposition of competition rules favouring US companies, the trade deal – which Trump has cancelled – did also offer the US’s East Asian allies significant preferential access to the US market (hence its unpopularity with some US producers). In Europe, Obama cultivated relations with Merkel, opposed Brexit and supported the EU.

This US ‘pivot’ to China – put in place largely by Hillary Clinton during Obama’s first term – led to a big expansion of military spending by US allies in East and Southeast Asia. Obama supported changes to Japan’s constitution to allow it to expand the scope of its military operations; encouraged Japan in confronting China over conflicting claims to islands in the East China Sea; and urged on the Philippines in doing the same in the South China Sea. A new US base was agreed in northern Australia, the US military presence in South Korea and naval assets in Singapore were expanded, and negotiations for the US military to return to bases in the Philippines pushed up the

agenda. The US naval and air force presence in the region escalated rapidly. For the first time since 1945 the majority and best of US naval assets are now stationed in the Pacific rather than the Atlantic, and this will rise to 60% by 2020.

But nonetheless Obama's policy was cautious. Firstly the US needed China to play a key role in kick-starting the global economy after the 2008 crisis, so this new more aggressive policy was tempered by conciliatory gestures and high-level engagement with China. Moreover the US was increasingly reliant upon Chinese purchases of US debt – which China was happy to do as long as the quid pro quo was stable relations. At the same time Obama was seeking to relieve the pressure on US government spending by making a 25% cut in the US military budget – from 4.7% in 2010 to 3.3% of GDP in 2015. This freed up just over 1% of GDP from current government spending which flowed into investment, which increased by about 1% of GDP in the same period, helping lift the US economy back into growth after the 2008-9 crisis. But this meant, with the US still mired in the Middle East despite Obama's best efforts to scale back, he could simply not afford to escalate the tensions with China to a degree requiring a greater show of US military force in the region than he had already committed to.

Therefore Obama's stepped up US intervention in Asia aimed at China was constrained within definite limits and each ratcheting up of tensions with China was followed by measures to calm and restabilise relations. Obama's aim was a step-by-step advance of the US position in the region, gradually tightening a noose around China, but without provoking a costly, premature and destabilising con-

frontation that would cause the US economic problems and alienate its regional allies through disrupting trade.

## ‘AMERICA FIRST’

Trump’s ‘America First’ policy is different. Firstly he intends to reverse the large part of Obama’s arms spending cuts. But overall his policy means that persuasive concessions to US allies are no longer on the table and are replaced by simple demands that they subordinate their domestic and foreign policies to the priorities of the US. These demands are backed up by a variety of threats, from punitive tariffs and unspecified trade sanctions to withdrawal of US military support.

Trump’s declared goal is to rebuild the US economy to a renewed position of global strategic strength, which requires subordinating China. But Trump is also concerned to leave no space for the rise of any other challenger to US preeminence while it deals with China. That means that the most successful imperialist economies outside the US – above all Germany, but also Japan – must pay their way by propping up the US economically while it concentrates on China. In many respects Trump’s plan is a replay of Reagan’s policy in the 1980s, when Japan was forced to pay for the US arms race with the USSR that eventually led to its fall.

The shorthand for this strategy is the demand that Germany must eliminate its trade surplus with the US. Hence Trump’s key requirement is for a substantial revaluation of the euro to make American imports more competitive in Europe. Navarro, Trump’s leading trade advisor, is an extreme China hawk, the author of the potboiling *The coming China wars* and whose trade policy is to demand

all those countries running significant trade surpluses with the US should revalue their currencies. As a result he is almost as hostile to Germany as he is to China; he argues that the euro is ‘grossly undervalued’ and ‘exploits’ the US. Ted Malloch, likely to be the new US ambassador to the EU, echoed this view saying he wants to ‘short the euro’.<sup>4</sup>

The threat that Trump deploys to leverage this demand is that – contra Obama – the US will actively campaign for the break up of the EU, reflected in his support for Brexit, promotion of Farage, and suggestions the US would actively support political forces in Europe campaigning for the break up of the EU.

Trump also demands that Germany increase its military expenditure from its current 1.2% of GDP to the NATO target of 2%. Although this demand is directed to all NATO members, the crucial difference would be made by Germany. However, Trump’s threat that the US might step back from NATO, while also troubling for Europe, has less weight than his threats to the EU, as the US needs NATO almost as much as NATO needs the US.

Not surprisingly, these demands and threats have already led to a serious cooling of relations with Merkel, particularly in the context of a difficult German election campaign, when the US’s intervention can strengthen opposition to her government. So far neither side has shown any inclination to back-down, leading to an extremely frosty first meeting between Merkel and Trump in March, where they did not even shake hands for the cameras.

Merkel stuck to her previous positions – that on military spending Germany would aim for 2% of GDP by 2024, and that the value of the euro was an EU not a Ger-



man question – which gave Trump nothing. Moreover, in a deliberate shot across Trump’s bows, the day before the meeting Merkel issued a statement following a phone call with Chinese Premier Li Keqiang, reaffirming their joint commitment to free trade and a stable world order, effectively signalling a Sino-German convergence to oppose Trump’s protectionist agenda.

## ‘TRIANGULATING’ RUSSIA

And then there is Russia. Contrary to the implications of much of the Western media, Trump’s friendly overtures to Putin and Russia are not the addled thinking of an unpredictable maverick, but are a central component of how he proposes to deal with China and Germany.

A powerful cohort, particularly in the Pentagon, but across US foreign policy circles, has long argued that a resetting of US-Russia relations is crucial to prevent the formation of a China-Russia axis that could effectively counter US strategies to contain China. This is explicitly based on the lessons of strategies in the Cold War when US administrations successfully ‘triangulated’ relations between the US, Russia and China, ensuring that, apart from a few years immediately after 1949, the two Communist giants were pitted against each other, alternately courted and isolated by the US in the service of its aim to bring both regimes down.

Hence, as a 2012 article in the *Atlantic Sentinel* put it, what the US needs is to deploy a ‘reverse “Nixon goes to China”’, when in the 1970s, deft American tactics and diplomacy, playing into Sino-Soviet fears and rivalries, had allowed it to draw China into its global Cold War contain-

ment of the USSR: ‘...much as Nixon and Kissinger sought the “dragon” to balance against the stronger “bear”, the United States must consider the reverse.’<sup>5</sup>

However any such reorientation of US policy towards Russia was completely blocked under Obama by the dominance of the existing Democrat, Pentagon and security service foreign policy establishment – supported particularly by their British counterparts – for whom the priority vis-à-vis Russia remained NATO and the US’s alliances in Europe, not China. These establishment Atlanticists agree on the need to confront China, but not at the expense of bringing Russia in from the cold. Viewing the world through the prism of US-Europe relations, they gave greater emphasis to breaking up the lingering strategic relations between Russia and Germany that were the legacy of Germany’s Cold War ‘ostpolitik’, than to drawing Russia into strategies against China.

West Germany’s Cold War tactics, of strengthening its strategic position by acting as advocate for the USSR in Europe, had been continued post-unification. Although Merkel had been more outspoken on human rights issues in Russia than previous German Chancellors, she had essentially continued this traditional German ‘ostpolitik’ orientation to Russia. The Atlanticist hawks in the state department and CIA were looking for an opportunity to bring this to an end, as they feared the eventual emergence of a dominating Germany-Russia axis, which would threaten US leverage in Europe. Ukraine provided the opportunity.

The threatened expansion of NATO to include Ukraine provoked an inevitable fierce confrontation that brought relations between Russia and both the US and

Germany crashing down. The policy was driven through by the US, against Merkel's wishes, who made a special trip to the White House to urge caution, and most of the EU, who preferred a more conciliatory policy. But US assistant secretary of state, Victoria Nuland, expressed the US response most succinctly in a phonecall to the US Ambassador in Ukraine: 'fuck the EU'.

But, as the China hawks had feared and predicted, the confrontation led also to a sharp turn in the priority Russia attached to its relations with China, with the rapid announcement of a series of new oil pipelines, east-west transport links, greater resources to their existing cooperation on security issues in central and northeastern Asia, more joint military and naval exercises and closer coordination in the UN Security Council.

## THE ATLANTICISTS VS TRUMP

Trump has signalled a different orientation to this series of interconnected international questions, breaking with the European preoccupations of the current chiefs of the security services and pursuing a policy more in line with that advocated by the Pentagon and the China hawks that now surround him. Essentially Trump projected a reset with Russia, simultaneously drawing Russia away from its close coordination with China, and creating a US-Russian alliance directed against the EU but particularly Germany.

However, as such a pro-Russia policy flies in the face of that pursued by the US foreign policy establishment and the security services since the Cold War, who remain convinced that soft-peddalling on Russia will simply allow Germany to strengthen unacceptably, Trump's reorientation on

Russia has met an unprecedented and relentless campaign to derail it. This has involved not just the CIA but also the British security services, with claims that Putin interfered in the US presidential elections and the presentation of a dossier, compiled by a British ex-spy, of alleged extraordinary behaviour by Trump in Russia. The high level and extensive involvement of the security services in derailing Trump's Russia policy, and his forced loss of one (and nearly two) senior appointees as a result of leaked phone calls and conversations with Russians, explains Trump's increasingly paranoid invective about spying and bugging.

The next months will show whether this Trump reorientation to Russia holds or whether the unrelenting campaign against it forces a reverse turn. But even if Trump holds to his course on Russia, a stable deal is far from easy to achieve. There would have to be some agreement over Syria, which does look more possible now that much of the opposition to Assad has been defeated, although Trump is stepping up the US presence in Syria, which will make a deal harder. Agreements on Iran and Ukraine would also be needed. Trump could conceivably back down on his pledge to re-impose sanctions on Iran, but Israel would strongly oppose a settlement in the region that both stabilised Assad in Syria, and allowed a strengthening of Iran. And there is not an obvious deal that could be imposed on Ukraine that both Russia and Germany would accept; Trump can want to cut Germany down to size but no serious ruling class forces in Europe will accept Russia *de facto* being able to change Eastern Europe's borders without international agreement.

## A TACTICAL RETREAT

Trump's first foreign policy steps as US President led rapidly to confrontations on all fronts. Announcing a break with the 'One China' policy, simultaneously provoking a serious conflict with Germany and pushing for a reorientation to Russia against the opposition of close allies Britain, Israel and Saudi Arabia, ended up leaving the US looking rather isolated.

And to this could be added difficult relations with Japan, the US's number one Asian ally, which Trump accused of not pulling its weight in defending the US, sniping that the Japanese would just 'sit home and watch Sony television' if the US was attacked.<sup>6</sup> While America's number two Asian ally, South Korea, he called a 'free rider' that was not paying its way.<sup>7</sup> And there was a well-publicised telephone shouting-match with Australia's prime minister, another close US ally.

Perceptions of Trump in Canada had already nose-dived when he tweeted that 'Giving Canada its independence was one of the biggest mistakes that America ever made'! But the cancellation of NAFTA is a much more long-term problem in their relations. The withdrawal from NAFTA has also pulled the rug from under the entire strategy of the Mexican ruling class, with US-Mexican relations further stressed by the proposed Wall, the pressure on US companies to cancel investments in Mexico, threats to impose a levy on financial transfers by Mexicans resident in the US and potential mass deportations.

In the Middle East Trump further rattled the Gulf States with his 'Muslim ban' and his retreat on US opposition to

Israeli settlements in the occupied territories.

Not surprisingly Trump has had to rein in, and his administration is beginning to deal more tactically with the strategic problems it confronts, in particular deciding not to confront every issue at once. The strategy they appear to have settled on is to postpone any decisive confrontation with China until the US at least has its ducks in a row in Europe. If Trump is going to have a bruising confrontation with Germany, the advice to his administration is to get that settled before going after China.

Hence Trump retreated from his threat to abandon the 'One China' policy – a threat that was anyway not well-judged as the launchpad for confrontation because most of China's neighbours are not bothered about it and Taiwan itself is too small to make a decisive difference to US leverage on its own. However, the threat served as a warning of what is to come. And Trump has pushed ahead with deployment of THAAD in South Korea despite very strong Chinese objections. THAAD is a high altitude missile defence system, which defence experts agree would be useless in stopping low-flying missiles from North Korea and is clearly actually aimed at building a 'first strike' capacity against China.

But for the time being, relations with China have been restored to an even keel, with the key Trump-Xi phone call framed by Trump's reassurances on US adherence to 'One China'. The same cannot be said for Germany and the EU, where Trump continues to threaten political mayhem if Germany does not bend on the US's trade and currency demands.

## ECONOMIC IMPERATIVES

Trump's foreign policy steps fall even more logically into place when the real economic situation facing Trump is understood. Trump has promised to 'Make America Great Again'; but that cannot be achieved without restoring faster growth in the US economy. This requires finding resources for greater investment in the US, which is not available domestically. In 2015 US net domestic savings stood at just 3.3% of GDP, half the roughly 6% average in the 1980s and 90s. Moreover, US savings were only boosted to 3.3% (after a collapse post-2008) by Obama's cut in defence spending of 1% of GDP. US savings rose by almost exactly the same amount. But Trump is pledged to reverse this cut. With an estimated US balance of payments deficit in 2016 of \$469 billion, it is clear that in order to find resources for investment the US is reliant upon foreign borrowing.<sup>8</sup> Thus US economic policy under Trump becomes even more tightly connected to its foreign policy: Trump's policy is for the US to import savings from countries like Germany, China and Japan, which have big surpluses. Moreover this is not to be a matter of choice, but the price for stability.

Starting with Germany, the message is simple: start propping up the US economy or we will drive to break up the EU. And it is certainly possible that the US might be able to inflict real damage on the EU if it threw its weight into such a struggle. There are enough lines of fissure in the EU for the US to exercise its enormous leverage to drive to break it apart; especially if Russia were collaborating in this endeavour.

Thus Germany is looking into an abyss; either there is a massive transfer of German resources to the US or there will be a battle royal over the future of the EU that it stands a chance of losing.

The superficial demand is that Germany must reduce its trade deficit with the US primarily by revaluing the euro. This is essentially the same demand that Reagan placed on Japan in the 1980s; but even a vast revaluation of the yen did not eliminate the Japanese trade surplus with the US, it just virtually eliminated growth in the Japanese economy. How Japan actually propped up the US economy was by massive purchases of US debt. The German balance of trade surplus of \$301 billion in 2016 is eyed as the source of similar investment in the US today.

With Navarro running trade policy the pressure is not going to come off Germany on the trade deficit; trade deficits are his particular obsession. He explained the Trump administration's response to Merkel's first unhelpful response to US demands: 'Germany...is able to basically use the argument that they are in the eurozone and they are therefore unable to have any kind of discussion with the United States about reducing our almost \$70bn trade deficit.'<sup>9</sup> It remains to be seen what concessions Germany makes to this, but at the moment it looks between a rock and a hard place; German capital flows to the US are the likely result.



## BACK TO CHINA

The imperative for the US to prevent China emerging as a serious challenger to US global leadership was spelled out most bluntly in a 2015 special report on China published by the influential Council on Foreign Relations, arguing: ‘Only a fundamental collapse of the Chinese state would free Washington from the obligation of systematically balancing Beijing, because even the alternative of a modest Chinese stumble would not eliminate the dangers presented to the United States in Asia and beyond.’<sup>10</sup> This would be a defeat for China on a scale that was imposed on the USSR in 1989-92.

Whatever the short-term lull in confrontation between Trump and China, while the White House turns its attention to Germany, China remains the crucial target in making America great again.

In this respect, the strategic problem presented by China – its potential threat to US global leadership – gels with US economic concerns. China has an even greater trade surplus with the US than Germany, amounting to \$347bn in 2016, greater than its total trade surplus of \$271bn. This will continue to be the subject of threats and rhetoric, and in April Congress will consider labelling China a ‘currency manipulator’.

But a trade war is not the US’s strong suit vis-à-vis China. The first effect would be to put up prices for a large number of mid-range electronics and other goods for the US consumers, which would not be popular at home. Secondly, China would undoubtedly impose tit-for-tat retaliation measures, which means that rather than opening up the

Chinese market to US goods, a trade war would make US products even less competitive in China. Other means of targeting China's foreign reserves and making them work to US advantage will therefore be tried; in particular through a stepped-up offensive demanding that China liberalise its market, deregulate its banks and revalue the RMB.

This will be backed up by threats like those around Taiwan and the South China Sea that have been temporarily dropped; and military escalations, like the stationing of THAAD.

The world, according to Trump, cannot be a calm and settled sphere until a natural order has been restored: America is unchallenged number one; Germany understands its place as a junior imperialist power subordinated to Washington politically and economically; and China abandons 'market socialism', opens its economy up to exploitation by the US, and allows itself to be crushed.

Germany may acquiesce in this, although Merkel's first response has been bullish. And there is absolutely no sign that China intends to. We are in for a bumpy ride.

**Jude Woodward** writes on international and foreign affairs and lectures in China. Her book – *The US v China in Asia: a new Cold War?* – published by Manchester University Press will be out in July 2017

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# LATIN AMER- ICA AND THE EURO- PEAN LEFT

Francisco Dominguez

## INTRODUCTION

Throughout the 30 years of neoliberal hegemony in Latin America, the stubborn and persistent resistance by all manner of social movements gave rise to a novel form of politics and political strategy that involved the thorough transformation of the state, constitutional principles and guiding societal principles aimed at putting the social, economic and political rights of human beings over and above the diktats of the market.

Sustaining 30 years of neoliberalism necessitated massive levels of institutional violence and direct US involvement in organising, funding, training, and deploying death squads which wreaked havoc by perpetrating literally hundreds of thousands of extrajudicial killings of innocents civilians, the torturing of tens thousands of individuals,

the exiling and the illegal and arbitrary imprisonment of many more. Dictatorship, civil war, economic blockade, military intervention, genocide, and the whole catalogue of mechanisms of ‘dealing with the enemy’ were unleashed by the US against any out-of-line southern neighbour. The actual figures are indeed shocking. The table shows figures for extrajudicial killings in a selection of countries in the period 1973-2000.<sup>1</sup> The table does not include the 1989 US invasion of Panama, when 5,000 Panamanians were butchered by the invading GIs in the time span of a few days.

<b>Country</b>	<b>Murders</b>
Chile	3,000
Argentina	30,000
Nicaragua	50,000
Peru	70,000
El Salvador	80,000
Guatemala	200,000

This vision of transformation, that back in the harsh neoliberal days of the 1980s and 1990s was expressed as a set of aspirations, gradually but steadily morphed into a strategy of political power. This strategy, accelerated through economic crises brought about by neoliberal economic policies, catapulted the left into government in a continental trend inaugurated by Hugo Chavez in Venezuela in 1998. His success was followed by that of the Workers’ Party in Brazil, with Lula as president in 2002; left-wing Peronism in Argentina, with Nestor Kirchner in 2003; the Broad Front, with Tabaré Vázquez in Uruguay, in 2005; the Movement Towards Socialism (MAS), with Evo

Morales in Bolivia in 2005; the Alianza País Movement in Ecuador, with Rafael Correa in 2006; the Liberal Hope Movement, with Manuel Zelaya, in Honduras in 2006; the Sandinistas in Nicaragua, with Daniel Ortega in 2007; with Liberation Theology bishop, Fernando Lugo, in Paraguay in 2008; and the former guerrilla front, FMLN, with Mauricio Funes in El Salvador in 2009.<sup>2</sup>

Other countries in the region elected administrations that came to office on more moderate anti-neoliberal platforms such as nationalist Leonel Fernandez in 2004 in the Dominican Republic; Michelle Bachelet in Chile in 2006; and the left-wing social democrat (a rare world commodity these days) Alvaro Colom in Guatemala in 2008. Overall, this was indeed a sweeping political tide creating a political context and balance of forces that allowed the region to begin the arduous task of dismantling the Washington Consensus. It made it possible to initiate a strategic process of regional integration, to integrate and collaborate with socialist Cuba in all aspects of politics and economics, and, most difficult of all, to implement policies to reverse the highly negative consequences of 30 years of US-led neoliberalism.

Below we examine the historical roots of these emerging radical political forces, their ideological cornerstones, and their national and regional policies so as to have a framework to explore the political and intellectual bases for commonalities and collaboration with Europe's Radical Left.

## THE LATIN AMERICAN LEFT: FORGED IN THE STRUGGLE AGAINST NEOLIBERALISM

Who are these political currents, parties or movements that came to office in this sweeping radical tide that gained government in the first decade of the 21<sup>st</sup> century? They are now identified as *Bolivarians* – after 19<sup>th</sup> century independence leader, Simón Bolívar –and they have found their most radical manifestations in Venezuela, Ecuador, Bolivia, Nicaragua and Cuba<sup>3</sup>, and according to the late Hugo Chavez, they are building ‘socialism of the 21<sup>st</sup> century’.

It would be a mistake, however, to consider them a homogeneous political development informed by a single ideology and following a single political project even though there is a great deal of ideological and political common ground. They arose as counterhegemonic social and political movements that originated in their unique domestic contexts. Their current democratic challenge to national and/or foreign elite-dominated polities, economy and society rides on the back of five centuries of resistance. However, their resistance, ever since most of the Latin American nations obtained their independence at the beginning of the 19<sup>th</sup> century, has acquired the character of a conscious or unformulated project aimed at completing the democratic but unfulfilled promise of equality, at political, economic and social levels, contained in the proclamations, constitutions, and undertakings made by those who led the wars of liberation against the French, Spanish and Portuguese colonial empires.

The most poignant example of this is Haiti at the end



of the 18<sup>th</sup> century. The mass of the slave population in the then French colony of Saint Domingue, inspired by the principles of the French Revolution, rose up, demanding fulfilment of the promise of ‘Liberté, Egalité et Fraternité’, enshrined in the Universal Declaration of the Rights of Man and of the Citizens, proclaimed by France’s National Constituent Assembly in August 1789. Haitian Black slaves, led by former slave, Toussaint L’Ouverture, militarily defeated Napoleon’s armies, sent to crush the rebellion, in an extremely bloody conflict. This culminated in 1803, with the victory of the slave rebellion and the establishment of the first Black Republic in the history of humanity. And it was the first nation to obtain its independence in Latin America, at least a decade earlier than the Spanish and Portuguese speaking colonies in the hemisphere. The Black Jacobins – the immortal and brilliant name with which West Indian Marxist C.L.R. James was to christen them – by nimble and astute manoeuvring, by playing off one imperial power against another, were also able to inflict defeats on Spanish, US and British troops sent to crush this unacceptable revolt against the established order. James summarizes the 12 years of struggle for freedom thus: ‘The slaves defeated in turn the local whites and the soldiers of the French monarchy, a Spanish invasion, a British expedition of some 60,000 men, and a French expedition of similar size under Bonaparte’s brother-in-law.’<sup>24</sup> Though victorious, Haiti paid a heavy price for having successfully defied its colonial masters, a price it is still paying: Haiti is the poorest nation in the Western Hemisphere.

Haiti is a poignant epitome of Latin America: gripped in the claws of underdevelopment brought about by the

failure to carry out the democratic tasks posed by liberation and independence to their ultimate conclusion. This is nothing more and nothing less than what the Bolivarians are endeavouring to accomplish in the 21<sup>st</sup> century. The region is immensely rich in radical traditions of struggle, in the development of radical and revolutionary ideas, which have fed, inspired and moved into action vast social and political movements. Over five centuries Latin Americans have had the knack of turning particularistic struggles into legitimate battles for universal principles.

Although it applies to different countries in different ways, this dialectic of the historic necessity to complete what the Liberators began can be seen just about everywhere. In Bolivia, before Evo Morales came to office in 2006, the majority indigenous population (65% of the total) was socially and politically excluded, economically kept in a state of economic poverty, and heavily racially discriminated against. In Guatemala, the indigenous population (70% of its population), despite some minor positive changes, is still subjected to the conditions their brothers and sisters had experienced in Bolivia. Venezuela, a country rich in oil, had by 1998 about 80% of its population living in poverty and grotesquely excluded from the economy, society and politics. In Mexico, despite 19<sup>th</sup> century liberation and independence, and social revolution at the beginning of the 20<sup>th</sup>, the actual levels of marginality of the poor and the indigenous population is simply atrocious. The same applies to most countries in Central America, where with the exception of Costa Rica and Panama, the levels of poverty and social exclusion have historically reached 70-80%. Colombia had about 50% of its popula-

tion living in poverty in 2002, in a society dominated by an oligarchy that uses systemic violence as *the* mechanism to ensure its rule, thus producing levels of extrajudicial killings almost unsurpassed in the region, leading to a severe democratic deficit.<sup>5</sup>

Even in Chile, the much-acclaimed neoliberal success story, the high levels of employment precariousness and obscene levels of income inequality, made it a paradise for domestic and foreign elites. People were literally stripped of all their social and economic rights during the 17 year-long Pinochet dictatorship with *de facto* restrictions on organizing socially in trade unions. This continued despite formally granting ‘democratization’ at the end of the 1980s. Worse still, its small indigenous population has been subjected to levels of repression and social and cultural exclusion that would embarrass even US politicians. Anti-terrorist legislation has been regularly applied to their resistance in defending their ancestral lands from the encroachments of greedy multinational companies. And, with the thorough pulverisation of the pre-Pinochet welfare state, involving the wholesale privatisation of just about everything: education, health, pension systems, utilities, and even motorways, unless people have the capacity to pay, they are denied health care and education. Thus, for most of the working classes, the poor, and the indigenous population, democracy, social, economic and political rights have been a fiction.<sup>6</sup> It is only with Bachelet’s second administration (2010-2014) that mild reforms have begun to alter some of this slightly.

The struggles of the 1970s, 1980s and 1990s gave rise to powerful counterhegemonic social and political movements

riding a programme of government aimed at the radical transformation of society. So where do these currents come from and what are their historic roots, inspirational sources and ideological tenets, and why are they striving to build socialism?

## THE INDIGENIZATION OF THE POLITICS OF EMANCIPATION

As stated above these, movements seek to ‘complete’ what their historic national political ancestors began, and are Bolivarian in a Latinoamericanista sense: they share a common history, a common ‘enemy’, face similar obstacles to their progress, are mortgaged to the same international financial institutions, suffer similar kinds of discrimination, similar kinds of social, cultural, economic and political exclusion, and are in the grip of the same straitjacket, namely, neo-liberalism.<sup>7</sup> They seek to reassert national sovereignty by making it integral to the fulfilment of people’s social, economic and political rights. As parties, many of these new formations behave and have the dimensions of mass movements and, conversely, mass movements behave and tend to have the outlook of political parties.<sup>8</sup>

The Brazilian Workers’ Party originates in the militant trade unionism of the 1970s and the Bolivian Movimiento al Socialismo (MAS) originates in the *cocalero* union. The Federación de Juntas Vecinales of El Alto (association of neighbor organizations), in La Paz, Bolivia, is a social movement that has not only behaved as a political party, they have had crucial responsibility for the ousting of three Bolivian governments, and CONAIE (Confederación de Nacionalidades Indígenas of Ecuador) joined the short-

lived government led by a bunch of radical military officers, headed by Colonel Lucio Gutiérrez in 2000, following the decision of the ousted Ecuadorian government to dollarize the economy. CONAIE's politico-electoral arm, Pachakutik, fielded candidates at elections. Likewise, in 1997 in Bolivia, a federation of social organizations (peasants, miners, indigenous nations, farmers, and so forth, the Assembly for the Sovereignty of the Peoples), fielded candidates to parliament electing 4 deputies, including Evo Morales, then president of the coca growers' trade union. Morales would be their presidential candidate in 2002 and would be elected president in 2005.

Furthermore, it was the actions of the *piqueteros* (laid-off workers who organized road blocks to draw attention to their plight) that contributed most to bringing about the conditions that led to the ousting of de la Rúa in December 2001.<sup>9</sup> The Zapatistas in Chiapas claim not to have a strategy of state power, nevertheless, are an armed movement which has defied the dominant paradigms of politics even of those on the Left such as the Partido Revolucionario Democrático in Mexico. The FMLN, FSLN and URNG in Central America are parties with strong links to social movements of workers, peasants, urban poor, women, indigenous groups, squatters, street vendors and such like. In Venezuela, the Movimiento V República, predecessor of the ruling PSUV, never quite acquired the nature of a political party. It was more a bunch of personalities led by Hugo Chavez, on the back of a gigantic and motley social movement based in the *barrios* primarily of Caracas. In Uruguay, the Frente Amplio is a coalition that includes former Tupamaro guerrilla fighters, trade unionists

and left and right-wing social democratic politicians. After the 2009 coup in Honduras, we have seen the rise of the Frente Nacional de Resistencia Contra el Golpe de Estado in Honduras, the first ever national mass movement of that country that became the backbone of the newly formed left-wing party, LIBRE (FREE). Many more could be added (there are movements that tend to behave as parties also in Colombia, Paraguay, Chile, Costa Rica, Peru, Dominican Republic and Puerto Rico). It is clear that the political landscape in the continent as a whole has been significantly reshaped in the way it does politics.

This new type of politics necessitated shaking off the old intellectual paradigms that had become – perhaps they always were - objective and subjective obstacles to an emancipatory project that incorporates, in a coherent totality, the broad social alliance that the social movements express in their actions, demands and objectives. And furthermore, which takes into account the specific socio-economic formation and class configuration of the region's nations. To be sure the more conventional emancipatory paradigms – revolutionary nationalism and the various Marxist perspectives - had been valuable. They endowed Latin American politics with a long, heroic and honourable tradition of struggle, as well as with formidable intellectual tools, but which nevertheless neglected key aspects of the socio-economic realities of Latin American societies.<sup>10</sup>

In a certain way the pre-chavista Left was pervaded by a mechanistic and teleological conception of progress and modernization within which significant features of societal reality – notably the indigenous and peasant questions - were seen as backward. More within Marx's deterministic

dictum: 'The country that is more developed industrially only shows, to the less developed, the image of its own future', than the Marx who examined the colonial question.<sup>11</sup>

In Latin America this dichotomy has been informing the politics of the Left, with one school of thought arguing that Imperialism '[had] initiated a process of capitalist development which coexists with feudal relations from the colonial period [...] thus the revolution has to be anti-feudal and anti-imperialist so as to liberate the nation from feudal and foreign domination. It cannot be a socialist revolution as [...] it is not possible to skip the historical stages of development, and thus, it is necessary first to develop capitalism fully.'<sup>12</sup> On the other extreme of the debate, it was posited that the creole bourgeoisie, being subordinated to the power and social outlook of the landed aristocracy and to foreign capital with which it collaborates, has proven to be incapable of developing capitalism fully and, therefore, incapable of bringing about economic progress, modernity and development thus condemning society to perpetual underdevelopment; in other words, the revolution has to be socialist.<sup>13</sup>

In short, unless Marxism, or any other ideological framework, moves away from a narrow class-corporatist frame of analysis – however socialistic its objectives may proclaim to be – and incorporates in its emancipatory project the fundamental questions of oppression and exclusion that so characterize Latin American societies, no progress towards socialism or modernization can be achieved. As García Linera, current vice-president of Bolivia, argues, since the contemporary Republican state has been a power structure erected on the bases of the exclusion and exter-

mination of the indigenous population, in order for the indigenous question to be resolved, the indigenous people themselves must be at the head of the state, or be part of national-popular coalition at the head of the state, which is exactly what the Morales government is.<sup>14</sup>

Evidently, the 'Indian' issue does not apply to all the countries in the region but it is central in Ecuador, Guatemala, Peru, and Paraguay, and the defence of Mapuche ancestral lands from capitalist encroachment has become a heated political issue in Chile. In them all, the inspiration they draw from the history of their ancestors' resistance is a key feature of their politics and the necessity to transform the state so that it is organized to promote and defend their interests, is a distinctive contemporary trait. In this regard, Ecuador's indigenous movement sent President Rafael Correa a public letter making their support for the constitutional transformation of the Ecuadorian state conditional on it becoming a pluri-national state, making it possible to strengthen the autonomous self-government of the indigenous communities in the country.<sup>15</sup> The new constitution, approved in a referendum in 2008, includes the proposal for an oral system of the administration of justice and the right of indigenous communities to exert jurisdictional authority on the bases of their ancestral traditions. Indigenous peoples are mentioned in five articles of the 1994 Bolivian Constitution and in more than 100 Bolivian laws, supreme decrees and directives. Article 1 of the current Bolivian Constitution characterizes the country as 'multi-ethnic and pluri-cultural, constituted as a unified republic.'<sup>16</sup>

Likewise, the Brazilian MST is the epitome of the social movements in Latin America with an impressive re-



cord of success as they themselves state:

[The] Movimento dos Trabalhadores Rurais Sem Terra (MST), is the largest social movement in Latin America with an estimated 1.5 million landless members organized in 23 out of 27 states. The MST carries out long-overdue land reform in a country mired by unjust land distribution. In Brazil, 1.6% of the landowners control roughly half (46.8%) of the land on which crops could be grown. And just 3% of the population owns two-thirds of all arable lands. Since 1985, the MST has peacefully occupied unused land where they have established cooperative farms, constructed houses, schools for children and adults, clinics, promoted indigenous cultures, a healthy and sustainable environment and gender equality. The MST as a result of its actions has won land titles for more than 350,000 families in 2,000 settlements, and 180,000 encamped families currently await government recognition. Land occupations are rooted in the Brazilian Constitution, which says land that remains unproductive should be used for a 'larger social function'.<sup>17</sup>

The MST is a university of radicalism; it holds seminars, conferences, schools, publishes book (it has its own publishing house, *Expressão Popular*), establishes libraries for its own centres of education throughout the nation, and does much, much more. Its virtual library has a rich collection of articles vindicating the struggles of Zumbi, Luiz Car-

los Prestes, Chico Mendes and a gallery of 'heroes of the people' among which we find Gramsci, Sandino, Camilo Torres, Che Guevara, João Pedro Texeira (leader of the Peasant Leagues of the 1950s), Pablo Neruda, Salvador Allende, Tupac Amaru and Toussaint L'Ouverture.<sup>18</sup> The full implementation of its programme would necessitate a complete overhaul of Brazil's state apparatus.

The list could be longer but the sample examined will suffice to demonstrate that what we have labeled the Latin Americanization of the politics of emancipation is indeed profound and, through a different type of politics, it places the mass of the people in a position to challenge the hegemony of their comprador elite and its imperialist mentors.

This type of politics is quite generalized and it is being actively promoted: The official website of the *Alternativa Bolivariana Para los Pueblos de Nuestra America*, contains historiographical works on Puerto Rican nationalism in the 1930s, Salvador Allende, Inti Peredo, Víctor Jara, Che Guevara, Hugo Chávez, the US invasion of Panama, Chico Mendes, José Martí, the Argentine workers' movement, Manuela Saenz, Fidel Castro, Omar Torrijos, Francisco de Miranda, Simón Bolívar, Camilo Cienfuegos, the massacre of Santa Maria de Iquique, Alí Primera, Augusto César Sandino, and the Caracazo. ALBA sees its own ancestry in the dream of Martí and Bolívar, of a Latin America of solidarity, united for social justice, the realization of the human potential of its inhabitants, the defence of their culture and the achievement of a dignified position in the 21<sup>st</sup> century.<sup>19</sup>

In the *Antecedentes históricos del ALBA* section of ALBA's official site we find Francisco de Miranda's 'Plans of

government' and 'The Coro Proclamation', Miguel Hidalgo's 'Decree on Land and Slaves', Mariano Moreno's 'Operations Plan, Simón Bolívar's 'Letter from Jamaica', José Artigas's 'Provisional Law on Lands', Bernardo Monteagudo's 'On the Need for a Federal Union of the Spanish-American States and its organizational Plan', José Cecilio del Valle's 'Saint Peter's Abbot was dreaming and I can also dream', Simón Bolívar's 'Invitation to the Panama Congress' and 'The Perpetual Union, League and Confederation', José Martí's 'Our America', and Augusto César Sandino's 'Plan to Realize Bolívar's Supreme Dream'. Latin American history is an inexhaustible reservoir of inspiration for contemporary battles.

Nowhere is this process more advanced than in Venezuela. Hugo Chavez had been barely a few months in office in 1999 when he embarked upon a structural transformation of the Venezuelan state by first sweeping away the old oligarchic parliament, followed by the drafting of a new constitution which would be approved by referendum in December of that same year. The re-founding of the Venezuelan state had begun with formidable vigour. The term 'Bolivarian' that defines the revolution in Venezuela, when examined through the prism of the country's history, reveals its revolutionary nature. Bolivarian ideology draws its inspiration from the 'Tree of Three Roots': Simón Bolívar, Simón Rodríguez and Ezequiel Zamora.

The reference to Bolívar needs no explanation, and Rodríguez, although little-known in the English-speaking world, was an outstanding Venezuelan intellectual influenced by the Enlightenment, a socialist in the tradition of Robert Owen and Charles Fourier, who was Bolívar's tu-

tor and mentor. Zamora was a 19<sup>th</sup> century liberal military and political leader who led popular struggles for land and freedom in the 1859-63 Federal Wars; he was a sworn enemy of the landed oligarchy.<sup>20</sup>

Similar stories can be written about the other countries in Latin America. In Bolivia, socialism of the 21<sup>st</sup> century has Tupac Katari, leader of the 1780 indigenous rebellion against Spanish colonialism, as its iconic figure. In Mexico, the struggle for social justice and democracy is strongly associated with the peasant leader of the Mexican revolution, Emiliano Zapata, and 'Zapatista' is the label of the revolutionary indigenous movement in Chiapas. In Nicaragua, it is the historic guerrilla leader, Cesar Augusto Sandino, who waged war against a US invasion of the country, from 1927 to 1933, who has inspired the heroic battles of the FSLN since the 1960s. These have taken the form of leading the revolution that ousted the US-sponsored Somoza dictatorship in 1979, defending the FSLN government from the US-funded war of attrition, leading the struggle against brutal neoliberal policies after their electoral defeat in 1990, and back to government in 2007. In El Salvador the governing party, the FMLN, is also seeking to build a socialist society inspired by the example of the leader of the peasant insurrection of 1932, Farabundo Martí. The insurrection was brutally repressed by the army, leading to the massacre of over 30,000 peasants. And, the most radical nation in the region, socialist Cuba, draws inspiration primarily from José Martí, leader of the revolutionary nationalist movement that organized two armed rebellions against Spanish colonialism, one in 1868-78 and the second in 1895-1898.<sup>21</sup>

This intellectual armoury, which might be problematic to many a theoretical zealot, has produced thus far, substantial results in Venezuela: the state has undergone so many changes that it has ceased to function as a normal bourgeois state apparatus. The armed forces identify largely with the revolution and are willingly helping to build Venezuelan socialism. The constitution, if applied to its logical conclusion ought to produce a socialist society and a socialist economy. Multinational capital has been almost completely expropriated from its previous bastions in the oil industry, as has private capital in the electricity industry. Massive amounts of land have been redistributed; health and education have expanded to historically unprecedented levels and so has social spending in general. Women have seen their situation improve drastically; indigenous peoples have been granted special cultural and political rights as have gay people and recently, Afro-descendants. Political power is also being shifted from the state and local government to communal councils and so forth.

The above is true even considering the serious setbacks that Bolivarians have recently suffered in Argentina and Brazil and the dreadful state of the Venezuela economy brought about by an all-out economic war and destabilization plan reminiscent of what was done to Salvador Allende's Chile in the 1970s. Given the substantial dependence of the region's countries on the exportation of primary products and raw materials, the 2008 world credit crunch, and subsequent recession, significantly contributed to these destabilization plans.

## SOCIAL PROGRESS,

## DEMOCRACY, ANTI- IMPERIALISM AND PEACE

The Left in government has led to extraordinary social progress in the region as a whole, especially in poverty eradication, social inclusion and the strengthening of national sovereignty. At the height of neoliberalism, in 1990, The Economic Commission for Latin America reported in its annual report that the situation in Latin America was thus:

...the level of poverty in the region was 48.4%, 22.5% of which were living in conditions of extreme poverty. This meant 200 million and over 90 million people respectively. And although by 2002 total poverty had declined to 43.9% and indigence to 19.3%, due to population growth, those percentages represented 225 million and 99 million people respectively. Such gross levels of inequity were very unevenly distributed with countries such as Uruguay having 15.4% of poverty whilst Honduras had a whopping 77.7% of poverty, with the reminder countries falling in between these two extremes and with 15 out of 18 of them with rates of poverty of 30% and above.<sup>22</sup>

By 2013, thanks to the implementation of anti-neoliberal and redistributive policies the regional level of poverty had gone down to 28% and extreme poverty had been halved from over 22% to 11%. In Brazil alone, the policies of the Workers' Party governments have, since 2002, taken 40 million people out of poverty and its

social programme reaches about 14 million households benefiting 50 million people.<sup>23</sup>

Furthermore, economic growth reached average levels of 6% in 2004. The region's external debt was also substantially reduced from 59.5% of its GDP in 2003 to 32% in 2008 and the influence of the IMF and World Bank in the region was completely eliminated. The IMF itself praises the region's debt reduction in the 2003-2012 period:

Between 2003 and 2008, Latin America witnessed a steep improvement of its fiscal sustainability indicators, most notably bringing public debt-to-GDP ratios down, on average, by about 30 percentage points of GDP... The decline was primarily driven by a combination of the direct effect of rapid economic growth and sizeable primary surpluses. Negative real interest rates also appeared to have played a role in the downward debt dynamics in some countries.<sup>24</sup>

Many of these governments have undertaken radical nationalizations and re-nationalizations of key sections of their economies, hitherto in the hands of multinational capital principally due to the privatizing zeal of the 1990s. Among them there are oil, gas, steel, electricity, transport, telecommunications, airlines, minerals and even banks. In some cases the state has obtained majority ownership over key economic assets. All are essential for a policy of economic growth and for the assertion of national sovereignty. Both are preconditions for redistributive policies and for dependency reduction from US-dominated financial

and economic multilateral institutions. Additionally, the state is in a stronger negotiating position to secure investment contracts with foreign capital where there is majority state ownership. This substantially increases state revenues, furnishing the state with the wherewithal to finance social programmes on education, health and poverty eradication. These extra resources have also allowed the state to increase massively the number of people entitled to pensions. In the case of Venezuela, this went from 300,000 in 1998 to over 3 million in 2016. In Bolivia, the retirement age has been reduced from 60 to 58 years old and there is legislation in parliament to reduce it even further to 55. Illiteracy, through the use of the *Yo si puedo* Cuban method, has been eradicated in Venezuela, Bolivia, Ecuador and in Nicaragua (the latter for the second time). Millions of hectares of land have been redistributed to hundreds of thousands of peasant families.

Indigenous peoples have been granted special cultural, political and ancestral rights thereby putting an end to hundreds of years of racist and discriminatory practices. In Bolivia, for example, the new 2009 constitution recognizes 39 official languages, Spanish being only one of them. Similar constitutional developments have taken place in various other Latin America nations in which Afro-descendants are granted special rights. Anti-racist legislation is promulgated or included in the constitution, and people are empowered and actively encouraged to promote their own culture and identity. Thus, the region has taken huge strides to reverse centuries of racist discrimination. The same applies to women, who, as in Cuba, have been massively integrated into the economy and politics,



and have also benefited from anti-sexist and anti-discriminatory practices. The LGBT community has also gained legitimacy, benefitting from anti-homophobic practices and culture and in many countries massive gay parades are broadly supported.

In the field of regional integration, Latin America has also made substantial progress. The high degree of commonality amongst the countries of the region has made the collaboration of their progressive movements, parties and governments not only easy but unavoidably necessary. The amount, intensity and regularity of their supranational collaboration are indeed unprecedented. Their joint efforts include liquidating the US-inspired FTAA, collaboration on all sorts of regional and bilateral energy agreements (such a PetroCaribe) and health (Mission Miracle), finance (Bank of the South), media (Telesur) and now defence (creation of a South American Council of Defence).

They have also established the Union of South American Nations (UNASUR) involving all the countries in South America, and the Community of Latin American and Caribbean States (CELAC) which includes all 33 countries in Latin America and specifically excludes the United States and Canada. There is no question that it has been the overall collective effort from Latin America that has been critical in ensuring the signing of a peace agreement in Colombia.

At the more political level, there are bodies such as the Sao Paulo Forum at the initiative of Brazil's Workers' Party in which the whole of the Latin American Left engages, particularly its mass political organizations (Cuban Communist Party, Nicaragua's FSLN, El Salvador's FMLN, Bra-

zil's Workers' Party, Venezuela's PSUV, Bolivia's MAS, Colombia's Marcha Patriótica, Ecuador's Movimiento Alianza Pais, Honduras's LIBRE, Paraguay's Frente Guasú, Uruguay's Frente Amplio, and dozens of smaller parties. The Forum was established so that the Left could have a political mechanism of discussion, exchange of experience and information, and an opportunity to adopt broad policy positions. Left political parties from non-Spanish-speaking Caribbean countries are also members of the Forum.

The need for a continental approach, first to organise resistance against neoliberalism, and then the process of integration, has intensified this political liaison and collaboration across frontiers among the whole of the Latin American Left.

## LATIN AMERICA AND EUROPE: THE LEFT

In the last period Europe has seen the rise of strong left-wing currents with a mass base, but they have only occasionally been able to successfully dispute the predominance of social democracy among the mass of the people and working class movement. Among this new emerging Left we have Spain's Podemos, Germany's Die Linke, France's Parti de Gauche, Portugal's Left Bloc and Communist Party, Greece's Syriza, Ireland's Sinn Fein and others.

The many complexities they face and the relatively small size of some of them notwithstanding, their robust vindication of socialism belies the predominant official discourse that socialism is either dead or dying. As with the Bolivarian Left in Latin America, the new European Left, has abandoned and rejected rigid and fossilised doctrinaire frame-

works and has given rise to a new kind of left politics as Hudson points out in *The New European Left*, ‘more open to different traditions, linking up with social movements, and developing and strengthening green, feminist, anti-racist and pacifist policies, as well as Marxist-based socialism.’<sup>25</sup>

There is a strong parallel here with the new Latin American Left in that it concerned itself with

issues such as poverty, the environment, privatization, land reform, social services, rights of indigenous people, unemployment, youth, women, ethnicity, democracy and democratization, justice, multinational capital, human rights, imperialism, colonialism, racism, free trade agreements, and exploitation.<sup>26</sup>

And, to paraphrase Hudson, the politics of both Lefts evolved as part of the developing anti-capitalist, anti-globalisation movement and both strive to establish socialism of the 21<sup>st</sup> century. The key difference is that whilst in Latin America, despite current difficulties, the Left is in government in a number of countries and in the process of putting its policies into practice, in Europe most of the Left is not in office. One exception is Syriza in Greece, a governing party enjoying a significant majority but whose radical policy intentions have been brutally squashed by the troika (the European Commission, the European Central Bank and the IMF) which has imposed a set of humiliating austerity policies and a wave of privatizations in exchange for loans to cover its massive debt.<sup>27</sup> The other, more positive experience of the Left in government, is in

Portugal where both the Communist Party and the Left Bloc furnish parliamentary support to the Socialist administration of Antonio Costa. This has restored lost salaries, ended public funding for some private educational establishments, reinstated social programmes, reduced unemployment, and advanced gender equality. Costa's rate of approval has soared to an extraordinary 81%, up from 47% when he took office in 2015.<sup>28</sup>

Spain's Podemos, Greece's Syriza, France's Parti de Gauche and Portugal's Left Bloc and Communist Party, together with like-minded parties across Europe have been inspired in the development of their policies by the ideas of the radical Bolivarians in Latin America. What the new European Left shares with the Bolivarians is substantial, such as their global anti-capitalist perspective, opposition to neoliberalism on a global scale and their rejection and active opposition to imperialist wars everywhere. They are both pacifists, they strongly believe in organising and empowering society at its grassroots and strive to build broad social coalitions as the bases for electoral challenges to the power elites with the aim of forming a radical government. Though less explicitly in the new European Left, the function of coming to office to form the government is to create a context that allows for a democratic re-founding of the nation on a socialist basis.

Through the Foundation Centro de Estudios Políticos y Sociales (CEPS) Spanish radical intellectuals such as Juan Carlos Monedero, Pablo Iglesias, Carolina Bescansa, Iñigo Errejón and Luis Aguilar have collaborated with the government of Chavez, well before their party, Podemos, became a mass electoral phenomenon. On its website, the

CEPS has the section 'Papeles de trabajo America Latina Siglo XXI' which shows their intense intellectual engagement with developments in Latin America. One of the working papers penned by Iñigo Errejón is about 'The construction of political power and indigenous national-popular hegemony in Bolivia'.<sup>29</sup>

It is well known that Alexis Tsipras, Syriza's leader and prime minister of Greece, is a strong admirer of Hugo Chavez and the Bolivarians in Latin America. He named his son Ernesto in honour of Che Guevara and conducted electoral campaigns where images of Hugo Chavez were prominent. Several of Syriza's candidates to parliament have also deployed images of Chavez during electoral campaigns. And Syriza stands in strong solidarity with the Bolivarian revolution and draws inspiration from the experience of the Latin America Left in government. At an interview with Telesur on June 12, 2012, Tsipras pointed to Venezuela as a model to follow, in order to leave behind the capitalist model dominant in Europe. And Alexis Tsipras was the only European head of government to attend Hugo Chavez's funeral in March 2013.

Although the links between Syriza and the Bolivarians are more tenuous than with Podemos, there is no question that their views have drawn inspiration from the Latin American Left, as can be gauged from its own political definition

Together with the European Left Party, of which it is a very active member, SYRIZA is fighting for the refunding of Europe with no new divisions or cold-war alliances, such as NATO.

As for the E.U., SYRIZA denounces the

dominant extreme neoliberal policies and believes that it must be and can be transformed radically in the direction of a democratic, social, peaceful, ecological and feminist Europe, open to a future of socialism with democracy and freedom. That is why SYRIZA is for cooperation and coordinated action of the left forces and social movements on an all-European scale. In any case, we do not hold euro-centric views and reject a “fortress Europe”.’

And it adds: ‘SYRIZA draws inspiration from the progressive anti-neoliberal changes in Latin America and promotes close relations with many left forces in that region including with the São Paulo Forum.’<sup>30</sup>

In France, Parti de Gauche’s identification with the politics of the Latin American Bolivarians is also strong especially in the politics of its leader, former Socialist Senator, Jean-Luc Melenchon. Melenchon made a deliberate association of his presidential electoral campaign in 2012 with the image and politics of Hugo Chavez, declaring himself a great admirer of the late Venezuelan leader. He obtained 11% of the vote.

During the 2012 Venezuelan presidential elections, the Parti de Gauche sent a delegation to Caracas, publishing a ‘Militant Kit’ for its members, explaining the details of the electoral process in the South American nation, stating that ‘a victory for Chavez is also a victory for us’. Furthermore, in the 2017 French election campaign, Melenchon’s sturdy defence of Bolivarian Venezuela led to a more than 5% increase in his electoral support.<sup>31</sup> It is not only Venezuela

that the Parti de Gauche identifies with, but with the whole of the Bolivarian Left. In one its latest posts, the party salutes Lenin Moreno's victory in the recent presidential elections in Ecuador. We read that Moreno's victory 'puts an end to the US-supported reactionary wave that has hit Latin America as a whole expressed in the victory of the ultra-neoliberal Mauricio Macri in Argentina and the illegitimate impeachment by a constitutional coup d'état of Brazil's president Dilma Rousseff.'<sup>32</sup>

Among the many commonalities with the Bolivarians on its programmatic and socialist opposition to the consequences of global neoliberalism, the Parti de Gauche has a programme of government which, among other things, aims to refound the state by creating the VI Republic out of the ashes of the V, reminiscent of Chavez's establishing the V socialist republic of Venezuela after the demise of the capitalist and rentier IV republic. The Latin American connection is also visible in its programme in other ways: it aims to make France part of the BRICS alliance to counter US militarism and financial deregulation; to make France's overseas departments in the Caribbean associate themselves with the Bolivarian Alternative for the Americas (ALBA), to strengthen the geopolitical position of the progressive states in the region.<sup>33</sup>

Other parties of the European left, notably Germany's Die Linke hold similar views on global capitalism. In the party's programme we read

We are not alone in our struggle for social alternatives going beyond the capitalist mode of production and way of life. The most diverse forces and

different movements are convinced that another world is possible: a world without war, exploitation, foreign tutelage and ecological devastation. They are looking for new paths to non-capitalist development and are demanding, as in Latin America, not just our solidarity but our willingness to learn as well. In the countries of the global south, new forms of property and cooperation are developing, making an important statement against neo-liberalism. DIE LINKE is watching with great interest the model of the ALBA countries, which have agreed on solidarity-based economic cooperation.<sup>34</sup>

The importance Die Linke attaches to Latin America can be seen, for example, in an international conference organised by the Rosa Luxemburg Foundation, associated with Die Linke, on the theme: ‘The Left in Government: Latin America and Europe Compared’, that took place in June 2010.<sup>35</sup> At the conference the experiences of the Left in government in Paraguay, Brazil, Uruguay, Ecuador, Venezuela, and Chile, were discussed. The papers were delivered by Latin American intellectuals.

Thus, there is no question that despite their substantially different contexts, the new European Left and the Latin American Bolivarians share a great deal politically. This poses the strategic need to develop a common approach and much more comprehensive and systematic levels of collaboration and when appropriate, joint political action across the Atlantic. The current low level of cooperation is a serious weakness that needs to be



remedied as soon as possible.

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## NOTES

- 1 These figures mask the full extent of human rights violations; a Chilean commission tasked with investigating human rights abuses under Pinochet came up with the following: killed or disappeared, 3216, survivors of political imprisonment and/or torture, 38,254 (Chile: 40 years on from Pinochet's coup, impunity must end, *Amnesty International*, 10 Sept 2013, <https://www.amnesty.org/en/latest/news/2013/09/chile-years-pinochet-s-coup-impunity-must-end/>)
- 2 For detailed analysis of this sweeping tide see Geraldine Lievesley and Steve Ludlam (eds.), *Reclaiming Latin America. Experiments in Radical Social Democracy*, Zed Books, 2009.
- 3 Cuba's 1959 socialist revolution took place almost four decades earlier and its gestation, unlike the contemporary Bolivarian revolutions, demolished the old and established a revolutionary state from the start (see Leo Huberman and Paul Sweezy, *Cuba: Anatomy of a Revolution*, Monthly Review Press, 1960). The Cuban Revolution is added here due to the closeness it has with the dynamics of revolution in Nicaragua, Venezuela, Bolivia and Ecuador.
- 4 Everybody ought to read this wonderful piece of political historiography (C.L.R. James, *The Black Jacobins*, first published in 1938); quote is from the 1963 edition published by Vintage Books, 1963, p. v111. For a more recent and broader analysis of the slave revolts and struggles against slavery see the excellent Robin Blackburn, *The Overthrow of Colonial Slavery, 1776-1848*, Verso, 1988.

- 5 For the regional consequences see De La Barra and Dello Buono, *Latin America after the Neoliberal Debacle*, Rowman and Littlefield Publishers, Inc., 2009.
- 6 A good analysis of Chile's model is Valentina Montenegro, *By Reason or by Force: The Chilean Neoliberal Model and Its Implications for Education and Culture*, Errant Bodies Press, 2013; see also by Tomas Moulian, *Chile actual, anatomía de un mito*, Lom Ediciones, 2002.
- 7 Francisco Dominguez, ALBA: Latin America's anti-imperialist project, 21st Century Socialism, [http://21stcenturysocialism.com/article/alba\\_latin\\_america\\_anti-imperialist\\_economic\\_project\\_01110.html](http://21stcenturysocialism.com/article/alba_latin_america_anti-imperialist_economic_project_01110.html)
- 8 Monasterios, K, Stefanoni, P. and Do Alto, H. (eds.), *Reinventando la nacion en Bolivia*, CLACSO/Plural Editores, 2007, 75-95.
- 9 See special feature published by Argentine newspaper *El Clarin* which charts the number of *piquetes* per year for the period 1997-2002: 1997=140; 1998=51; 1999=252; 2000=514; 2001=1383 and 2002=1609 [nearly 4,000 in total] (<http://www.clarin.com/diario/especiales/piqueteros/index.html>).
- 10 The struggles, particularly for indigenous rights but also for racial equality, are issues that the Latin American Left has incorporated into its agenda only recently. The same applies to the issue of gender equality and the defence of the environment.
- 11 Karl Marx, *Capital*, vo.1, Preface, Penguin Books Limited, 1979, p.91; for the latter see Marx and Engels, *On Colonialism*, Progress Publishers, Moscow, 1974.
- 12 Cristóbal Kay, *Latin American Theories of Development*

- and Underdevelopment*, Routledge, London, 1989, p.16.
- 13 José Carlos Mariátegui, *Siete Ensayos de la Realidad Peruana*, Empresas Amauta, Perú, 1996 (a great deal of *Siete Ensayos* was devoted to demonstrating the Peruvian bourgeoisie's incapacity to develop capitalism in Peru).
  - 14 Alvaro García Linera, "El Desencuentro de dos Razones Revolucionarias, Indianismo y Marxismo", *Cuadernos del Pensamiento Crítico Latinoamericano*, no 3, CLACSO, Dec 2007, p.6
  - 15 Comisión de comunicación CONAIE-ECUARUNARI, Positivo dialogo entre el Gobierno y el Movimiento Indígena con respecto a la construcción del Estado Plurinacional, 11 March, 2008, [http://www.conaie.org/es/ge\\_comunicados/20080311.html](http://www.conaie.org/es/ge_comunicados/20080311.html)
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  - 17 Brazil's Landless Workers' Movement, <http://www.mstbrazil.org/?q=about>
  - 18 Section Biblioteca of MST's website, <http://www.mst.org.br/mst/listagem.php?sc=8&p=1>
  - 19 Diputado Rafael Correa Flores, Construyendo el ALBA "Nuestro Norte es el Sur", Ediciones del 40 Aniversario del Parlamento Latinoamericano, 1ra Edición, Caracas, República Bolivariana de Venezuela, Mayo 2005, p. 16.
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- Socialism Today*, Pluto Press, London, 2006, p.147; an official brochure of the Bolivarian government in the Colección Temas de Hoy, called *Socialismo del Siglo XXI*, Ministerio del Poder Popular para la Comunicación y la Información,, April 2007, pp.28-29.
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  - 22 Francisco Dominguez, 'With Chavez gone and disturbances in Brazil, has Latin America's progressive march been halted?', *Journal of Global Faultlines*, 2013 Vol. 1, No. 1, 89-69.
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  - 24 Adler, G. and Sosa, S., External Conditions and Debt Sustainability in Latin America, IMF Working Paper WP/13/27, January 2013, p.7
  - 25 Kate Hudson, *The New European Left: A Socialism for the Twenty-First Century?*, Palgrave Macmillan, 2012, p. 2.
  - 26 Francisco Dominguez, 'The Latin Americanization of the politics of emancipation', in Geraldine Lievesley & Steve Ludlam (eds.), *Reclaiming Latin America. Experiments in radical social democracy*, Zed Books, 2009, p.47.
  - 27 Greece signs up to a painful, humiliating agreement with Europe, *The Economist*, 13th July 2016.
  - 28 Richard Zimmer, Portugal's Secret Revolution, *Tikkun*, 24th January, 2017, <http://www.tikkun.org/nextgen/>

- portugals-secret-revolution. But, as Zimmer points out, Portugal's situation is far from ideal, the country's banking sector is frail and has a debt of 129% of its GDP.
- 29 Papeles de trabajo America Latina Siglo XXI (Working papers on 21st century Latin America); the article by Errejón can be found in <http://www.red-redial.net/revista-papeles,de,trabajo,america,latina,siglo,xxi-215.html>
  - 30 Syriza, <http://www.syriza.gr/page/who-we-are.html#.WOQhsRi-LgE>
  - 31 Francia: la defensa de Venezuela dispara a Mélenchon, *Insurgente*, June 2016, <http://insurgente.org/francia-la-defensa-de-venezuela-dispara-a-melenchon/>
  - 32 Le Parti de Gauche salue la victoire de la Révolution Citoyenne en Equateur, 3rd April 2017, <https://www.lepartidegauche.fr/?p=3153>
  - 33 Programme du Parti de Gauche Convention programmatique du 27 et 28 mars 2016, pp.15 and 49.
  - 34 Programme of the DIE LINKE Party. Resolution of the Party Congress, Erfurt, 21 to 23 October 2011, approved through a vote by the party membership on December 2011, pp. 27-28, [http://en.die-linke.de/fileadmin/download/english\\_pages/programme\\_of\\_the\\_die\\_linke\\_party\\_2011/programme\\_of\\_the\\_die\\_linke\\_party\\_2011.pdf](http://en.die-linke.de/fileadmin/download/english_pages/programme_of_the_die_linke_party_2011/programme_of_the_die_linke_party_2011.pdf)
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# THE FASHION- CELEBRITY NEXUS

A NEW OPIATE OF THE PEOPLE?

TRANSFORM talks to  
Tansy Hoskins about the role  
of fashion in celebrity culture.

TRANSFORM: In his 1962 book *Marxist Economic Theory*, Ernest Mandel looks forward to the demise of fashion in a socialist society. He decries the ‘cult of newness’ and says people will be happy to wear worn clothes in which they are comfortable. By contrast your book *Stitched Up* celebrates the creative potential of fashion. But do human beings really need to express themselves through what they wear? Isn’t that a bit superficial? How do you see fashion developing in a post-capitalist society?

TANSY HOSKINS: Fashion is art, and I think there would be an explosion of art and creativity in a post-capitalist society. At the moment fashion, like much of art, is in the grip of small groups of mostly white male European shareholders with millions of people all but enslaved in fashion’s

factories. What we need is for the profiteering to cease and for design to be let off its leash. There is also a tendency to dismiss fashion and dress as art because although it is highly skilled, it is traditionally a woman's craft.

I also don't see any reason why there has to be a puritan aspect to a post-capitalist society. I would like to see freedom of expression for the individual and an end to rules about what people can wear, rather than more rules or moralising about clothes. At the moment capitalism pretends that it is the ultimate purveyor of freedom but in fact people are hemmed in by rules around gender, sexuality, race, age, class etc. that govern what we wear.

Currently fashion is often the only means people have to be creative. In an ideal society there will be more access to music, literature, sculpture, sport etc., so people would hopefully be more fulfilled creatively – but I don't think that this will mean that enjoyment of clothes and self-expression through the body would cease. Included in this new found freedom of course, is the freedom not to care, or be judged, about how you look or what you wear.

TRANSFORM: Fashion seems to be morphing into a branch of a generic celebrity industry, or perhaps celebrities are being dragged into the fashion industry. Runway models -whose names were unknown 40 years ago - are now big stars and for some (Rosie Huntington-Whiteley, Abbey Lee Kershaw, Kate Upton) a route towards movie stardom. At the same time it seems as if movie stars wearing designer outfits on award show red carpets are more important for some designers than their own runway shows. Fashion shows surround themselves with celebrities and Kanye West



designs his own fashion line. All in all, fashion seems to have a much bigger space in our culture than 20 or 30 years ago. What explains this?

TH: Brands want the magic that our favourite actors and singers feel associated with. When Emma Watson models lipstick for a corporation it is not just Emma Watson peering out from the advert but Hermione Granger from Harry Potter as well – a fictional character that millions of people adore. Celebrity is another layer obscuring the brutal reality of the fashion industry. In turn, celebs want these contracts because they bring in a hell of a lot of money, and are considered prestigious and a way to boost profile.

A huge amount of the public's time is taken up with celebrity news – this means the selling power of a few handfuls of people, whether they are footballers or Hollywood actors, is colossal and the brands want that publicity.

It is certainly a generic turn because 99% of what is worn at awards ceremonies is forgettable and pedestrian. In fashion terms, it is safe rather than innovative. It must also be deeply frustrating for fashion designers and students to watch celebrities launch fashion lines or the children of celebrities get hired as fashion photographers. Not a lot of what happens in the fashion industry is fair.

TRANSFORM: In your book you point out that mass fashion reproduces a few weeks' later cheaper versions of styles that have been in the haute couture shows. Doesn't that mean that fashion is getting more democratic, is no longer just for the well-off?

TH: It has certainly been argued that fast fashion has made fashion more democratic and that a system where only the

rich have access to the creativity and joy of fashion is a deeply unfair one. I think however that there needs to be a serious examining of what we mean by democracy. What we have at the moment is poorer people having access to really rubbish clothes – clothes that fall apart and shoes that wear through and must be quickly replaced, clothes that go out of fashion quickly and become a source of shame, clothes that are riddled with dangerous chemicals with serious health implications.

Plus on a global scale, the global working class is being completely screwed by fashion – millions of women in the global south are locked into the poverty of sweatshop factories, the Rana Plaza factory collapsing and killing 1,138 people in 90 seconds, workers being gunned down for asking for a wage rise, seas drying up, forests being cut down, pollutants clogging our rivers.

This fast fashion system exists to benefit people like Armancio Ortega, the owner of Zara who has a personal fortune of \$67 billion whilst Bangladeshi workers are paid \$68 a month. We have been sold an absolute sham of democracy and the quicker we shut this whole system down and create something based on real democracy and fairness, the better.

TRANSFORM: Guy Debord in his *Society of the Spectacle* insisted that under modern conditions life presents itself as ‘an immense accumulation of spectacles’ and ‘images detached from everyday life’. Fashion of course is not just images, but don’t you think that modern celebrity depends on an ‘immense accumulation of images’ to be consumed in magazines, social media etc – and that fashion easily fits into

that? So that top fashion models are likely to spend much more time being photographed than walking on the runway?

Put it another way, there is the real fashion world of material clothes and design, but an enormous linked and parallel world of fashion photography, magazines, websites, celebrities and gossip, which needs the material fashion but almost outweighs it in cultural significance?

TH: Fashion is definitely an illusionary practice! The clothes themselves are a small part of the business. It is everything that goes around clothes that makes them so highly regarded – from fashion magazines, to the carefully designed stores, to catwalk shows, celebrity endorsements, and the cultivated myths around top designers.

The internet and social media is also changing how brands market their clothes with models more than ever having to turn themselves into brands with selling power of their own.

The most profitable areas of apparel are the intangible ones – design, branding, marketing. It is not in manufacturing clothes. Brands outsource all their manufacturing and concentrate on creating an image of a lifestyle that they can sell. One positive side to this is that brands are vulnerable to fear of being damaged. Campaigners and trade unions can have leverage if they successfully target a brand over an issue like fair wages or safety.

That clothes are king is also a myth because a lot of the profit for fashion companies like Burberry now comes from bric-a-brac like keyrings, belts, perfume, makeup, purses, and so on. A £5,000 coat might be unaffordable for most people, but a £100 keyring that makes you feel like you own a bit of glamour and prestige might be within

reach. But again this is not something brands want to be known for.

TRANSFORM: In their writings about popular culture, especially *Resistance through Rituals*, Stuart Hall and his colleagues insisted that popular culture was not just mindless rubbish passively consumed by the masses, but contained the potential to provide the raw materials for the creative self-expression of masses of ordinary, mainly working class, people. Fashion was part of that, for example they wrote about Rude Boys in the 1950s, and Mods and Rockers in the 1960s. But do we see that today and has it happened in recent years – ‘fashion from below’ or fashion as the signifier of rebellious subcultures?

TH: Fashion has a long and powerful history of resistance, one moving example is how people taken to Jamaica as slaves shaped the linen they were given into clothes with a distinctly African aesthetic. The linen was supposed to humiliate them and rob them of their cultural practices but instead it was subverted to keep self-identity and rebellion alive and prevent the required psychic-annihilation.

More recently there has been Sudanese journalist Lubna Ahmed al-Hussein who was put on trial in Sudan for the ‘indecent act’ of wearing trousers. And the explosion of ‘fat-shion’ bloggers who are teaching self-acceptance is definitely outside of media norms. But above all I would say that the hijab in Europe – and now the USA – has become a very real and serious point of rebellion and tension about which way a society will go and whether there is true freedom. The simple act of personal expression through dress has become an act of rebellion.

TRANSFORM: At the 2014 Super Bowl, Beyoncé led a troupe dressed in sort of ersatz Black Panther outfits, which led to a social media storm between those who thought it legitimate protest (in the light of Black Lives Matter) and those who thought it cheap and inauthentic. What's your take on this? I guess postmodernists think authenticity is worthless in the era of pastiche and bricolage.

TH: The sight of a troupe of black women with Afros and berets certainly made a lot of people uncomfortable in the USA – and I thought that was an excellent thing. I am a big fan of Beyoncé's 'Formation' track and would like to see more political music that deals with issues of inequality, gun crime, and police violence. Beyoncé – whether as a woman or a brand – is undergoing a fascinating political evolution and I look forward to seeing what happens next. I want ideas about feminism and Black Lives Matter to become so popular that they become normal and unstoppable, and Beyoncé is certainly boosting them up the global agenda.

It also shows the enduring power of the Black Panther 'brand' and the tensions that have not been dealt with by American society.

TRANSFORM: John Berger in *Ways of Seeing* said that without social envy glamour cannot exist. That's pretty much putting down fashion to upper class conspicuous consumption, and high fashion at least to be a series of signs that are signifiers of wealth and power. Isn't the fashion world full of very reactionary people of immense wealth and power, providing luxury items to their class peers? How many socialists will you find among the people invited to a front rank designer's show?

TH: Class is absolutely the driving factor behind the fashion industry. For centuries fashionable clothing has been a means for wealthy people to differentiate themselves from people they view as beneath them. As soon as a fashion trickles down to the middle classes it becomes a source of horror and the horrified rich are propelled to find something new as a means of differentiating themselves.

The simplest way to prove your wealth is to attach expensive objects to your body and walk around, that is what much of the industry is about. Certainly for many designers they are caught in the milieu of the rich and powerful and will do whatever is required of them – a low point for fashion designers is Paris during the Nazi occupation where designers such as Christian Dior, Cristóbal Balenciaga and the Vuittons all served the occupying Nazi forces. Gabrielle Chanel also did but she seems to have been far more ideologically motivated by fascism.

That said, there is a difference between the fashion industry and fashion itself which I tend to define as *changing styles of dress adopted by groups of people*. Certainly there exist many brilliant socially minded fashion designers who use their work to advocate for change, Katharine Hamnett being one famous example today and there are countless lesser known people combining design and activism. Historically there are women like Popova and Stepanova, the Bolshevik Russian fashion designers who believed fashion evokes the spirit of the times. Then there are the millions of people who are not part of the scheming at the top but who love fashion either because their present is bleak, as Berger would say, or because it is their true outlet for creativity and joy.

TRANSFORM: German philosopher Jürgen Habermas claims that the ‘lifeworld’ of the masses has been seized by reactionary popular culture in commodity capitalism, much like the view of Adorno and Horkheimer in the 1960s.

For Habermas the masses have been lobotomised and it’s all over for critical thought. Perhaps it’s significant that celebrity culture, so strong today, was also strong in the crisis-ridden 1930s – with the great economic slump, a renewed fascination with the rich and famous. Sections of the masses, especially the young masses, seem to seek continual-diversion in following the lives of celebrities. The Instagram and Snapchats feed are endless. So is celebrity culture and its glamour component a new opiate of the people, dulling their critical faculties and preventing critical thought?

TH: “The more monotonous the present, the more the imagination must seize upon the future,” argued John Berger. Many people are stuck in lives and jobs that lack meaning or fulfilment. Celebrity lives are a form of fantasy for people, a distraction from a reality that recently has been overwhelming and pretty dark.

In the 1930s, movie stars dripping in pearls and mink were so far from the reality of the dust-bowl depression and again today £10,000 handbags and private yachts are not something 99% of people will experience. But wealth-hoarding is what people get taught to dream about so that they don’t start thinking about the real reasons they have no money and about how society could be truly fair and equal.

Social media certainly has an extraordinary reach and influence in today’s society and issues like the ‘facebook facelift’ and online bullying are definitely deeply negative. However social media also has the ability to connect people who were

previously isolated from likeminded people – whether that’s LGBTQ kids in the Mid-West or people looking for their first protest to attend.

If social media is changing our brain functions and attention spans then that is worrying and I guess it is up to all of us to create things, whether that is books, classes, events, demonstrations, films, music, or discussion groups that are more diverting than Snapchat.

**Tansy Hoskins** is the author of *Stitched Up: The Anti-Capitalist Book of Fashion*. She has worked for the Stop the War Coalition, Campaign for Nuclear Disarmament, the Islam Channel and appeared as a political commentator on the BBC, Sky News, Al Jazeera and Channel 4’s Ten O’Clock Live. Tansy was interviewed by **Phil Hearse**, a writer and lecturer who specializes in culture and communication



# THE PERMA- NENT DEBT ECONOMY

TOWARDS A NEW MARXIST  
UNDERSTANDING OF THE  
WORLD CAPITALIST CRISIS

Neil Faulkner

To the post-war generation, it may have seemed that boom conditions were the norm in capitalist development, slump conditions the exception. We are wiser now. The Second Great Boom, which lasted from 1948 to 1973, has been succeeded by a much longer period (44 years and counting, compared with 25 years) of relative slow-down, periodic crises, and, since 2008, what has been described as ‘the Great Recession’.<sup>1</sup> If we take the giant US economy as our benchmark, we can see the shift in the growth rate, from 5.9% per annum during the Second World War, to 4.4% during the Cold War, 3.1% in the 1980s and 1990s, and around 2.6% in the years since.<sup>2</sup> The system, in short, is getting ever deeper into a mire of intractable stagnation-slump.

What is striking about the system’s *longue durée* is its chronic ill-health. Only once in its history, in the years

1848-75 – the period Eric Hobsbawm dubbed ‘the Age of Capital’ – has the system experienced the sort of sustained *laissez-faire* boom described in the textbooks of classical economics.<sup>3</sup> This, of course, was the period when Marx was writing *Capital*, and he was much struck by the extraordinary dynamism of a system powered by competition between numerous small and medium-size firms, none large enough to dominate the market, all compelled to invest heavily in new techniques, especially labour-saving techniques, in order to cut costs, keep down prices, and maintain or enlarge market share. He was equally struck by the signal failure of the system – even in its heroic age – to regulate itself through the operation of the ‘hidden hand’ proclaimed by classical economics. On the contrary, it seemed unable to avoid an endless succession of crashes.

## CYCLES AND SLUMPS

History showed again and again that the market was blind and anarchic, with the system in a perpetual cycle of boom, bubble, and bust. When Marx was writing, the system had already passed through a succession of ‘business cycles’. There were financial ‘crashes’ in 1825, 1837, 1847, 1857, and 1866 – that is, roughly one every ten years.<sup>4</sup> Each time, a raft of businesses would go bankrupt, debts would go unpaid, demand would plummet, the system would come to a juddering halt, and thousands would be jettisoned into unemployment and poverty. Why was this?

It was the result of competition and lack of an overall plan. During the preceding boom, as growth picked up and markets expanded, capitalists had invested in new production facilities. Competitive pressure meant that everyone did

this at the same time. This increased demand, strengthened the boom, and encouraged even more frenzied investment.

Then, suddenly, with so much new output coming onto the market at the same time, there was a glut. Prices fell. Goods went unsold. Suppliers could not be paid. Workers had to be laid off. A reverse chain-reaction of bankruptcies, unemployment, and collapsing demand now turned boom to bust.

Yet, in the early days of capitalism, the system managed to bounce back each time. What happened was this. The weaker firms, with higher costs and lower margins, would be the first to go bust. They were usually smaller: having less capital to invest in labour-saving technology and fewer opportunities to realise 'economies of scale', small firms tended to be less competitive. When these firms went to the wall, their rivals benefitted from fire-sales of assets at knock-down prices and from the chance to increase market share.

The bounce-back to a new round of capital accumulation was relatively quick in the mid 19<sup>th</sup> century. The underlying pattern was of rapid growth. Between 1850 and 1860, export of British cotton goods roughly doubled.<sup>5</sup> Between 1850 and 1870, global railway mileage increased more than five-fold, from 23,600 miles to 128,200 miles.<sup>6</sup> In the same period, world coal output increased 250%, world iron output 400%, and world steam power from an estimated 4 million HP (horsepower) to 18.5 million HP.<sup>7</sup>

But the First Great Boom (1848-73) came to an end with the crash of 1873. Whereas the bounce-back from the crash of 1857 had been a matter of a couple of years, this time there was no bounce-back at all. The system col-

lapsed into the Long Depression (1873-96), a generation-long period of intractable stagnation-slump. It began with a collapse in the Vienna Stock Market in May 1873, and this quickly spread to other European financial centres and then to the United States as the money supply contracted, loans were called in, and major banks, rail companies, and other businesses were forced into liquidation. Over the next four years, German companies lost 60% of their value. In the US, by 1876, one in seven Americans was out of work. Comparing the period 1850-73 with the period 1873-90, growth rates fell from 3% to 1.7% in Britain, from 4.3% to 2.9% in Germany, and from 6.2% to 4.7% in the US. Engels, surveying the scene in 1886, concluded that the world was 'in the slough of despond of a permanent and chronic depression'.<sup>8</sup> Keynes would later describe this condition as an 'underemployment equilibrium'.<sup>9</sup> The system, it turned out, did not always prosper. The market was not self-correcting. The 'hidden hand' was as likely to deliver permanent slump as permanent boom.

No 'normal' process of capitalist development was sufficient to end the depression. Intensified competition in glutted markets led to protectionism and colonialism. The major powers imposed heavy tariffs on foreign imports in an effort to reserve the home market for domestic output. They used military power to secure cheap raw materials, captive markets, and new investment outlets in Africa and Asia. The long-term effect was to increase international tension and promote higher levels of arms expenditure. British military expenditure increased from £32 million in 1887 to £77 million in 1914. German naval spending rose from 90 million marks in the mid-1890s to 400 million

in 1914. It seems to have been the economic stimulus of this dramatic upturn in state spending on arms that finally brought the Long Depression to an end.<sup>10</sup>

## THE STAGES OF CAPITALIST DEVELOPMENT

The system which emerged from the crisis represented a third phase in the long-term development of capitalism. The first, Mercantile Capitalism (1450-1800), had been dominated by merchants accumulating profit by acting as middlemen, whether in national markets, overseas trade, or through the 'putting-out' system. The second, Industrial Capitalism (1800-75), had been dominated by industrial capitalists creating factories for mass production based on steam power and new labour-saving machines, resulting in a mass of small and medium-size firms competing in national and colonial markets. The Long Depression had proved the forging-house of a new economy, Imperial Capitalism (1875-1935), dominated by giant monopoly firms organised in cartels, financed by banks, and expanding on the basis of state contracts, international sales, and the export of capital to overseas colonies and dependencies.<sup>11</sup>

Though Marx had been at work during the preceding phase of Industrial Capitalism, he had identified an underlying long-term trend that implied precisely the changes that followed in the succeeding phase of Imperial Capitalism. He had written of 'the concentration and centralisation of capital', where production became 'concentrated' in large factories, ownership 'centralised' in large corporations. Competition guaranteed that this was the direction of travel. Competition favoured the strong, especially in

a crash, when margins had to be cut and losses absorbed.

A second generation of Marxists analysed this new form of Imperial Capitalism – the Austrian Marxist Rudolf Hilferding in *Finance Capital* (1910), the Polish-German Marxist Rosa Luxemburg in *The Accumulation of Capital* (1913), and the Russian Marxist Nikolai Bukharin in *Imperialism and World Economy* (1915). Their insights – combined with those of the British Liberal John Hobson in his *Imperialism* (1902) – formed the theoretical basis for Lenin’s pamphlet *Imperialism: the highest stage of capitalism*, written in the first half of 1916 for an audience of working-class activists with the purpose of explaining contemporary capitalism and the imperialist war to which it had given rise.

The concentration and centralisation of capital was extreme. The Krupp engineering complex at Essen in the Ruhr expanded more than four-fold on the basis of state arms-contracts, employing 16,000 workers in 1873 and 70,000 in 1912. Just two firms, Siemens and AEG, controlled virtually the whole of the German electrical industry. Two groups, each of three firms, controlled the chemicals industry. The nine biggest Berlin banks, together with their affiliates, controlled about 83% of all German bank capital; and the biggest of them all, the Deutsche Bank, alone controlled 23%.<sup>12</sup>

By the early 20<sup>th</sup> century, the development of world capitalism had become highly contradictory. On the one hand, there was globalisation, with rapid economic growth, the dominance of giant firms, a restless search for new markets, and ever-expanding international trade. On the other, there was economic nationalism, as industrial cartels, banking syndicates, and military states fused into op-

posing national-capitalist blocs. This contradiction was the basis of the First World War.

The post-war depression arose from the unravelling of the war economies of these national-capitalist blocs. Arms expenditure was cut to a fraction of wartime levels after 1918. The result was mass unemployment. The system proved incapable of an orderly resumption of civilian production. Again – but in a radically different context – the market failed to self-correct.

Growth remained patchy and modest throughout the 1920s. Unemployment never dropped below one million in Britain. Hyper-inflation wiped out the value of savings in Germany in 1923. The French economy was propped up by German war reparations, and the US economy boomed on the back of war-loan repayments, but the global economy overall remained depressed, so surplus capital flowed into speculation. This was ‘the Roaring Twenties’, the get-rich-quick *Great Gatsby* era: but it was a bubble. When Wall Street crashed on 24 October 1929, the world economy was pole-axed. By 1933, 9,000 US banks had failed, US industrial production was down by almost half, and one in three US workers was out of a job.<sup>13</sup> As in the Long Depression before, an ‘underemployment equilibrium’ persisted throughout the 1930s. The Great Depression did not end until the rearmament programmes of the late 1930s and early 1940s.

The worry was that the end of the Second World War would tip the world economy back into depression. In fact, a new model of capitalist development had emerged – State-managed Capitalism (1935-75) – and this, underpinned by high levels of peacetime arms-expenditure during the Cold

War, created the basis for the Second Great Boom. Though dubbed 'Keynesian' in the post-war West, state-managed capitalism had, in fact, been pioneered in Stalinist Russia and Nazi Germany, in the former case in an extreme form, where the entire national economy was under state control, in the latter in a hybrid form, where high levels of state intervention and direction were combined with continuing private ownership of most big enterprises.

The growing contradictions of an ageing capitalist system had not been overcome. The system was chronically prone to slump. Only state action was capable of preventing the kind of collapse which had occurred in the 1920s and 1930s. Three factors were at work: first, the Cold War confrontation between East and West and a series of proxy wars in the 'Third World' ensured record levels of peacetime arms-expenditure which acted as a powerful economic stimulant; second, partly in response to Keynesian doctrine, the state played an enhanced economic role in funding infrastructure projects and running essential industries, often on the basis of deficit spending and rising national debt; third, the militancy of a working class radicalised by the interwar depression and empowered by military service during the war shifted the balance of class forces against capital and made social reform imperative for the system.

The combined effect of the 'permanent arms economy' and the 'welfare consensus' was a state-sponsored boom that enabled capitalism to grow at an unprecedented peacetime rate for a whole generation. Total US economic output was three times higher in 1970 than in 1940. German industrial output increased five-fold between 1948 and 1970, French



output four-fold. Unemployment fell across the industrial world, to 3% in the US, 1.5% in Britain, and 1% in Germany.<sup>14</sup> Women and migrants were sucked into an expanding workforce. Wages and living standards rose. Working-class families bought vacuum cleaners, washing machines, fridges, televisions, and second-hand cars, and enjoyed ‘cradle to grave’ education, health, and welfare provision.

## THE CRISIS OF THE 1970S

The Second Great Boom came to an abrupt end in 1973. The growth of the world economy had slowed in the late 60s, but the sudden lurch into what came to be called ‘the Long Recession’ (1973-86) came as a shock. What had gone wrong?

At the height of the Second World War, government military expenditure had accounted for 50% of US economic output. Ten years later, it was still around 15%. Some Marxist economists dubbed this ‘the permanent arms economy’. They were not necessarily agreed about exactly how it worked, but the effect, they argued, was to sustain and stabilise the boom. The heavy weight of arms expenditure – at an unprecedented peacetime level – was the ballast that kept the world economy afloat. As one radical commentator quipped, the boom was balanced on the cone of a nuclear missile.<sup>15</sup>

But if the system had become an arms junkie, it was only a temporary fix. The post-war boom was undermined by three problems, each of which became more acute as the global economy expanded during the 1950s and 1960s – until, in combination, they brought the boom to a shuddering halt and tipped it into crisis in 1973.

*Problem 1: high arms spending versus high capital investment*

Economies with high levels of arms expenditure were able to sustain the boom only by sacrificing their own competitiveness. Arms expenditure is waste expenditure. Unlike expenditure on labour-saving machinery, it contributes nothing to raising the productivity of labour, cutting unit costs, and enhancing the competitiveness of industry.

That is why Second World War losers Germany and Japan became the powerhouses of post-war manufacturing. West Germany spent only 3 or 4% of GDP on arms, a substantially lower proportion than Britain, a much lower proportion than the US. Japan spent even less, just 1%. That meant both economies were able to invest heavily in new technology and achieve exceptionally high levels of growth from the early 1950s onwards. West German and Japanese growth rates were roughly treble those of the US.

A gap opened between sluggish arms-based economies and dynamic export-led ones. West Germany's share of the combined output of the advanced economies doubled and Japan's more than quadrupled during the Great Boom. The US share fell from more than two-thirds to less than half.

Symbolic of the relative economic decline of the US was the collapse of the Bretton Woods system agreed at the end of the war. A growing trade deficit (because US goods were too expensive relative to foreign goods), rising debt (due to the cost of the Vietnam War), and high inflation (for a host of reasons) forced the US government to devalue the dollar. The whole global system of stable exchange-rates then unravelled. The arms burden had to be reduced. The proportion of US output devoted to arms

halved between the early 1950s and the mid 1970s. This reduced the pump-priming and stabilising effects of arms expenditure on the global economy.<sup>16</sup>

*Problem 2: high wages versus high profits*

The second problem was less tractable. The US and the Soviet Union pursued a policy of ‘detente’ so as to reduce their respective arms burdens. But getting the agreement of the domestic working class to wage and welfare cuts – also considered necessary – proved harder.

Unemployment is a necessary part of capitalism. What Marx called ‘the reserve army of labour’ reduces the price of labour-power by forcing workers to accept lower wages through fear of unemployment. But the Great Boom meant virtually full employment for an entire generation. Labour was in short supply, employers were competing for staff, fear of unemployment virtually disappeared, and workers were able to build powerful workplace union organisation. Governments were also under pressure to provide affordable homes, new hospitals, better schools, and improved welfare provision. The ‘social wage’ increased in line with personal wages. In Britain, the working class share of national wealth seems to have increased from about half to about two-thirds during the Great Boom. With strong unions, Britain became a much fairer society.

Rising wages and government spending also created demand and helped sustain the boom. But they had another effect. Capitalists faced increased costs, reduced competitiveness, and depressed profits. This problem was most acute where the labour movement was especially strong. Some radical economists, recognising the problem, talked

of ‘the profits squeeze’ – and drew the conclusion that something had to give: either the bosses would counter-attack to restore the rate of profit, or the workers would have to overturn the system.<sup>17</sup>

*Problem 3: the national economy versus the globalisation of capital*  
The third problem was by far the most deep-rooted and intractable: the continuing long-term tendency for capital to become more concentrated and centralised – that is, for the world economy to become increasingly dominated by ever smaller numbers of giant corporations.

The rise of the multinationals during the Great Boom meant the rise of an economic power largely beyond the control of governments and therefore outside the framework of State-managed Capitalism. In Britain, for example, the top 100 firms doubled their market share from around 20% in the late 1940s to almost 50% by the mid 1970s. Cutting-edge enterprise in key industries like armaments, cars, pharmaceuticals, and electronics depended increasingly on access to finance, technology, raw materials, production facilities, and markets on a global scale.

The multinationals came to dwarf in size most national economies. Globalised operations enabled them to avoid regulation, dodge taxes, evade capital controls, and secure subsidies and other concessions. To gain access to the technology, capital, and markets controlled by the corporations, nation-states were forced to offer increasingly generous terms to private business.

Competitive capital accumulation was breaking through the boundaries of national economies and making redundant the mechanisms of the previous phase of

capitalist development. By the mid 1970s, not only was the Great Boom over, but the State-managed Capitalism that had made it possible was breaking down amid crisis and conflict. What emerged to replace it was a new form of Neoliberal Capitalism – or, to be more technical, of global financialised monopoly-capitalism.

## THE NEOLIBERAL COUNTER-REVOLUTION

During the 1970s, as State-managed Capitalism entered deep crisis, an alternative ‘neoliberal’ model gained support among some mainstream politicians. In the 1980s, neoliberalism became the basis of government policy under Margaret Thatcher in Britain and Ronald Reagan in the US. After that, especially in the wake of the 1989 revolutions against the state-capitalist regimes in Eastern Europe, the new model was rolled out across the world. Neoliberalism was a response to the problem of low profits and sluggish growth. It involved a frontal assault on unions, wages, and the welfare state. The aim was to redistribute wealth from labour to capital. Higher profit, argued Thatcher and Reagan, would encourage enterprise, investment, and growth. The rulers of the world were launching a class war against working people in the interests of profit and wealth. The most decisive battle in that war was fought in Britain in 1984.

The previous Tory government had been broken by industrial action in 1972 and 1974. Thatcher was determined to mount a full-scale counterattack against the unions, the public sector, and the working class. The miners were the most important target. They had spearheaded the struggle against the previous Tory administration. A massive pro-

gramme of pit closures provoked the miners into a desperate battle to save their livelihoods and communities. It turned into the longest mass strike in history – 150,000 men on strike for a year (1984-85). The miners faced paramilitary police violence, courtroom frame-ups, and a barrage of media lies. They were eventually starved back to work.

The defeat of the miners broke the back of British trade unionism. In the early 1970s, the British working class had been one of the best organised and most militant in the world. Since 1985 union membership has halved, and over the last 25 years the British strike rate has been lower than at any time since the 19th century. It is now clear that the defeat of the British miners had global significance: it was the single most important breakthrough in the international elite's attempt to smash working-class resistance to neoliberalism. Most immediately, it enabled Thatcher and her successors in Britain to unroll a programme of cuts and sell-offs. The main beneficiaries have been the global mega-corporations of neoliberal capitalism.

The average unit of modern capital has not only burst its national shell; it has grown and grown in the long years of the neoliberal counter-revolution. There are approximately 200 nation-states in the world today, but all bar the 60 richest have GDPs *lower* than the revenues of *any* of the top 50 global corporations. Put another way, if we were to list the world's top 100 economic units, roughly 60 would be countries and the other 40 would be corporations. Walmart, the world's largest corporation in 2016, with 2.3 million employees and revenues of half a trillion dollars, would rank 24<sup>th</sup> in the league table, ahead of Poland, Nigeria, and Iran. The top 50 corporations include

majors in financial services (12), oil and gas (7), autos (7), retail (4), pharmaceuticals (4), electronics (3), telecoms (3), electric utilities (2), commodities (1), health (1), construction (1), and internet (1), as well as some general conglomerates (4).<sup>18</sup> Most of these are private corporations, but even the handful under state ownership operate as if they were private. We live in a world in which wealth and power are concentrated as never before in the hands of the small numbers of people in control of a hundred or so major states and mega corporations.

The most straightforward measure of the success of the international elite's corporate offensive is the huge increase in social inequality across the globe since the 1970s. In this respect, the neoliberals have succeeded in reversing all of the gains of the last century. The pay of top CEOs (chief executive officers) in the US, for example, increased by 1000% between 1978 and 2014, while workers' wages averaged just 11% increases. This meant that, whereas in 1965 CEOs had been paid only 20 times as much as their workers, they were now earning more than 300 times as much.<sup>19</sup>

The offensive – the drive to redistribute wealth from labour to capital, from the poor to the rich, from the commons to the elite – stalled only momentarily in the wake of the 2008 Crash before resuming with undiminished vigour. The scale of the hoovering of wealth to the top is truly awesome. An Oxfam study found that the richest 388 people owned the same as the poorest 50% of the world's population (3.5 billion people) in 2010. Four years later, just 85 people had this much wealth. Now, it is down to eight. In other words, the occupants of a golf buggy

have the same wealth as the poorest half of humanity. The same study revealed that the richest 1% – the world’s ruling class as a whole – control more wealth than all the rest of us combined. This wealth, of course, is hoarded in tax havens, out of reach of government taxation.

Three main mechanisms of wealth redistribution are at work. First, the rate of exploitation ‘at the point of production’ – that is, in the workplaces – has increased substantially in the neoliberal era with the weakening of union organisation and the atomisation of the workforce. The change is reflected in the proliferation of low-wage/no prospects ‘McJobs’, part-time working, temporary contracts, zero-hours contracts, compulsory ‘self-employment’, and other exploitative labour-practices of the so-called ‘gig economy’. Capital favours a casualised labour-force – their word for it is ‘flexible’ – because it weakens the unions and keeps wages low.

Second, in this era of financialisation (to be discussed in more detail below), the rate of exploitation ‘at the point of consumption’ has shot up. It takes the form of excessive rents and mortgage payments on overpriced housing, ever-rising transport costs, extortionate utility-charges, rip-off prices in the shops, credit-card debts, Wonga debts, and more. In Britain, for example, the current estimate (at the time of writing) for total unsecured credit stands at £192 billion, while that for average household debt (*excluding* mortgages) stands at £12,000.<sup>20</sup>

Third, there is the rampant plundering of ‘the commons’ by private capital, as public services are privatised or ‘contracted out’ for the sole purpose of creating new revenue streams for corporate profiteers. Take the slow



strangulation (by funding cuts) and dismemberment (by privatisation) of Britain's NHS. It is a process of deliberate destruction by the political and corporate elite of what was perhaps the finest and fairest health-care system in the world. The reason? Leading Tories have been speaking for years about the NHS as 'Britain's biggest enterprise'. They have been bragging about their intention to open up the £100 billion a year NHS oyster to private profit. And the profits are indeed immense. The current debt crisis in the NHS, for example, is largely a result of the PFI (Private Finance Initiative) schemes imposed on the service as a way of building new hospitals. The cost of these projects over 25 years is expected to be *six times* the value of the actual infrastructure.<sup>21</sup> The source of this revenue stream is, of course, working-class income – taken in the form of tax revenues and paid in the form of interest on government debt.

As a social counter-reform designed to redistribute wealth from the have-nots to the haves, the Neoliberal Counter-revolution of the last 35 years has been a dramatic success. But as an economic programme designed to regenerate world capitalism, it has been a dismal failure. The rich have won a decisive victory in their class war, but they preside over a system of debt and stagnation with a global growth-rate stuck at around 2.5%.<sup>22</sup>

## MARXIST THEORIES OF CRISIS

I return to the underlying causes of the present slump towards the end of the article. Before doing so, I want to identify and define what I see as the two major traditions in Marxist theories of crisis. What should now be clear – from the potted history of capitalism presented above – is that crisis is the norm, not the exception. The historical record shows capitalism, at least since 1873, to be a deeply pathological economic system. The Long Depression was not ended without protectionism, colonialism, the creation of national-capitalist blocs, and an arms race that led to industrialised warfare in which 15 million died. The interwar period was one of protracted slump, shallow through the 1920s, deep through the 1930s, ending only with fascism, war, and genocide in which 60 million died. The post-war boom was based on high levels of Cold War arms-expenditure that involved murderous proxy wars and a chronic danger of global nuclear annihilation. The subsequent neoliberal era has been characterised by low growth, high debt, financial instability, grotesque inequality, mounting poverty, and decaying public service. There has been no such thing as ‘normal’ capitalism since 1873. And the system today – global financialised monopoly-capitalism – is more dysfunctional and parasitic than ever before. Marx has never been more relevant.

### *Theory 1: the long-term tendency of the rate of profit to fall*

Some Marxists have argued, especially since the 1950s, that there is a long-term tendency for the rate of profit to fall under capitalism, and that this leads to increasingly intrac-

table crises and the eventual collapse of the system.<sup>23</sup> The argument originates with Marx in Volume III of *Capital*, where he discusses both ‘the law itself’ and various ‘counteracting factors’.<sup>24</sup>

Marx, it must be said, never completed his theoretical work on capitalist crisis. His notes, edited into a publishable text by Engels after his death, have the character of work-in-progress.<sup>25</sup> Nonetheless, his provisional hypothesis of a long-term tendency for the rate of profit to fall (TRPF) has been given as the basic underlying cause of capitalist crisis by a number of leading Marxist commentators, notably by Mike Kidron and Chris Harman of the International Socialist tradition.<sup>26</sup>

The basic argument is as follows. The organic composition of capital rises over time, i.e. the mass of machinery (‘constant capital’) operated by each worker (‘variable capital’) gradually increases. The surplus-producing component of investment (‘living labour’ as opposed to the ‘dead labour’ represented by machines) therefore decreases as a proportion of total investment over time. This means, all other things being equal, that the rate of profit has a long-term tendency to fall.

In reality, of course, matters are far more complex, and Marx identified a number of ‘counteracting factors’ that offset the TRPF in practice: more intense exploitation of labour; reduction of wages below their value; cheapening of the elements of constant capital; the relative surplus population; foreign trade; and the increase in share capital.

But this is neither a comprehensive nor a coherent list (reflecting its origin as unprocessed data in Marx’s notebooks). It lumps together a hotchpotch of factors that

operate in different registers. It also relegates some processes which are full-blown ‘tendencies’ in their own right to subordinate status as ‘counteracting factors’. Marx, in short, has left us with a theoretical mess, and Engels, his long-time collaborator and posthumous editor, in his understandable eagerness to get *Capital* III published, never had the time to sort it out.

A basic error has in fact become fossilised in Engels’ edited text of *Capital* III. A rising organic composition of capital *in physical terms* (the growing mass of machinery), which is an undoubted empirical fact, has been conflated with a rising organic composition of capital *in value terms*, which is an entirely contingent matter. Some commentators have observed this conflation, but have then proceeded to try and defend the TRPF as an explanation of crisis, a procedure which seems to have resulted only in growing incoherence, sometimes behind a screen of mathematical formulae which serve only to obscure the original error.<sup>27</sup> Once the essential distinction is made between the physical mass and the actual value of constant capital – and only the latter, of course, can have any real significance in the process of accumulation – the long-term tendency for the rate of profit to fall dissolves into nothing. This is because, instead of there being a primary ‘law’ or ‘tendency’ and various secondary ‘counteracting factors’, there are, in fact, three processes of equal significance happening at the same time; three processes which are, in Marxist terms, dialectically inseparable.

First, we have the rising organic composition of capital. But in so far as new investment in machinery is labour-saving, the effect is to raise the productivity of labour (as

Marx acknowledges, giving this as one of his ‘counteracting factors’). So, as production becomes more mechanised with each new round of investment, each worker ends up producing more. This means reduced prices for both the machines bought by capitalists and the consumer goods bought by workers. This being so, there is no inherent reason why the organic composition of capital should rise at all *in value terms*. Does a robot on a car assembly line today cost more *in relative terms* – relative, that is, to the cost of labour – than, say, a spinning jenny in the 1840s? Do the labour-intensive industries of the modern world – think of Glasgow call-centres, Dhaka clothing sweatshops, and Shenzhen electronics factories – imply a shrinking proportion of ‘variable capital’ being expended on ‘living labour’?

It is precisely because new labour-saving machinery allows costs to be cut, output increased, and prices reduced that capitalists have an incentive to invest as a way of increasing profit. They would be prevented from doing this only if workers were strong enough to increase wages in line with increases in productivity. But were this the case – or likely to be the case – the incentive to invest in new production facilities in the first place would be negated. This brings us to our third factor: capitalists invest in new machinery in the expectation – almost invariably fulfilled – that they will increase profits by raising the rate of exploitation (another of Marx’s ‘counteracting factors’). Only if workers are exceptionally well-organised and combative – only, indeed, if they are actually on the offensive – will wages automatically rise in line with increased labour productivity. This is hardly ever the case in the history of the system. Wages are almost always ‘catching up’ – if that –

reflecting the simple reality that the working class is the subordinate class under capitalism. This, again, means that there is no inherent reason why the organic composition of capital should rise *in value terms*. Indeed, capitalists invest in labour-saving machinery precisely with the expectation that wages will *not* rise commensurately.

All three factors operate in the same register, *viz* in the production process where surplus-value is generated. There is therefore no overarching long-term tendency for the rate of profit to fall. Instead, when capitalists invest in new machines, three things happen: the organic composition of capital rises; the productivity of labour rises; and the rate of exploitation rises. None of these three factors has priority over the others; none of them can be regarded as *the* tendency, with the others merely ‘counteracting factors’.<sup>28</sup> In the history of capitalism, profits rise and fall. When they rise, the system booms. When they fall, there is slump. But falling profits are a symptom of crisis, not its underlying cause.

*Theory 2: the long-term tendency towards the concentration and centralisation of capital*

The TRPF was effectively rediscovered in the 1950s as an explanation of crisis in the context of the Second Great Boom (1948-73). Its effect was to reassure revolutionaries at the time that, despite appearances, the system had not solved its problems and crisis would eventually return. Yet it represented a sharp break with the mainstream Marxist tradition, and, in the light of recent developments, it now looks like a theoretical cul-de-sac.

The second generation of Marxists, including Lenin,

Trotsky, and Luxemburg, made no use of the TRPF in their analysis of imperialism and capitalist crisis. Falling profits are sometimes identified as a problem, but I cannot find any essentialist claim that there is an underlying long-term tendency for the rate of profit to fall as capitalism develops. Of particular significance is the fact that Trotsky, when directly addressing the problem of slump in the early 1920s, and again in the early 1930s, appears to make no use whatsoever of the TRPF in his account of economic developments.

The analysis of capitalism developed a century ago to explain imperialism, war, and slump was based on a quite different observation by Marx: that there was a long-term tendency towards ‘the concentration and centralisation of capital’ (TCCC). That focus was sustained by later generations of Marxist economists, notably those associated with the long-running Marxist journal *Monthly Review*, particularly Paul Sweezy and Paul Baran in the Cold War era, and Fred Magdoff and John Bellamy Foster more recently.<sup>29</sup>

Let us recap the basic argument. Capital accumulation is competitive, and because larger corporations can achieve greater economies of scale, they tend to drive smaller rivals out of business. Production becomes ‘concentrated’ in large factories and ownership ‘centralised’ in large corporations. By the late 19<sup>th</sup> century, in Germany, the US, and other advanced capitalist economies, entire industries might be dominated by a mere handful of giant firms.

The size of these corporations was decisive: they were big enough to control the national economy and shape state policy. Major firms in each sector formed cartels or trusts, dividing the market between them, and fixing out-

put, prices, and profits. Because access to credit was a precondition of large-scale investment, finance capital rose in tandem with monopoly capital; industry and banks became interdependent. The power of the industrial cartels and banking syndicates, moreover, transformed the role of the state, which became a major investor in industry (e.g. in railway construction), a primary market for private firms (e.g. with arms contracts), and an imperial protagonist on the world stage on behalf of native capitalists, seeking access to raw materials and markets in competition with great-power rivals.

It was the TCCC that shaped the Imperial Capitalism of *c.*1875-1935 that produced the Scramble for Africa, the First World War, and the Great Depression. It was the TCCC which underlay the State-managed Capitalism of *c.*1935-75, when the state became a leading economic actor, providing infrastructure, running key industries, regulating capital flows, managing aggregate demand, and providing the education, healthcare, housing, and welfare to sustain a skilled, motivated workforce.

A central feature of Neoliberal Capitalism in the period since (*c.*1975 onwards) has been the way in which the continuing concentration and centralisation of capital has meant that the dominant corporate form has burst its national limits and now operates as a fully-fledged multinational (or 'denationalised') firm within a worldwide market. Finance, investment, and trade, in the past more firmly anchored within individual nation-states, have become truly globalised.

This does not mean that states have become less necessary to the functioning of capitalism: it means their role has been reconfigured. The economic management and



welfare functions of the state have declined. But the state continues to be a market for capital (e.g. arms contracts or infrastructure projects), a conduit for the transfer of surplus from workers to capitalists (e.g. bank bailouts or NHS privatisation), and an imperial protagonist for specific capitalist interests (e.g. the British state protecting the City or the German state its manufacturing industry); and in some respects these state functions have grown in importance since the 1970s. Not least, the state remains a vital coercive apparatus, its repressive role becoming ever more urgent as austerity and privatisation tear apart the social fabric.

But the atrophy of the state's ability to *manage and regulate the economy* – as opposed to having to 'deregulate' at the behest of global capital – is a defining characteristic of the current phase of capitalist development.

## STAGNATION-SLUMP

Not only is there no long-term tendency for the rate of the profit to fall: the opposite is the case – there is a long-term tendency towards 'over-accumulation'. In Marx's day, in the mid 19<sup>th</sup> century, industrial capitalists created factories for mass production based on steam power and new labour-saving machines, and this resulted in a mass of small and medium-sized firms competing in national and colonial markets. No firm was big enough to dominate the market. Therefore, any capitalist who abstained from competition – who failed to invest in new techniques and remained reliant on outdated machines and inefficient methods – would be driven out of business by more enterprising, low-cost rivals. It was this dynamic system of competition that powered capitalism's First Great Boom between 1848 and 1873.

But monopoly capitalism does not work that way. Capitalists hate uncertainty because it is risky and they can lose a lot of money: they crave managed markets and guaranteed profits. When a handful of firms dominates an industry, they can achieve this by forming a cartel or trust, either formally constituted (as in the early 20<sup>th</sup> century), or through informal networks and tacit understandings (as now). The aim is to control the market and fix the price. Better that each giant firm has a guaranteed share of the market, and that each enjoys a guaranteed price for its products, than that they should engage in cut-throat competition and all be damaged. This is the basic reason that prices rise but rarely fall in modern capitalism, and that inflation has become endemic.

But this has further consequences. With the pressure of competition reduced, the drive to invest in new technology is also reduced. This reinforces the growing risk-aversion of capitalist corporations as they get bigger. The greater the scale of operation, the greater the level of investment necessary to bring new world-class plant on line. An oil refinery, power station, steel mill, or car plant represents massive long-term investment with an eye to uncertain future markets. Boardroom decisions about such matters are no longer the stuff of buccaneering free-market capitalism; they are shrouded in the caution of corporate bureaucracies with much to lose. 'Safety first' becomes the watchword.<sup>30</sup>

To summarise, over-accumulation is characteristic of monopoly capitalism for three main reasons. The first is the eternal contradiction whereby capitalists seek to drive down wages in their own factories yet require high wages

in the economy as a whole to generate demand for their products. The Neoliberal Counter-revolution has widened this contradiction over the last 35 years by reducing the share of wealth accruing to labour as opposed to capital. This is the problem of under-consumption. The second is the way in which price-fixing enables big corporations to extract additional surplus from workers at the point of consumption; indeed, a central characteristic of neoliberal capitalism is a huge expansion in what might be termed ‘financialised’ exploitation. The third is the risk-aversion of the corporate giants, which means that far too small a proportion of the rising surplus is invested in developing industrial capacity.

Financialisation is a consequence of all three of these processes: it sustains demand in the form of debt (by governments, corporations, and above all households); it is an alternative source of profit because debt is a tradable commodity like any other; and it absorbs the rising mass of surplus capital which is not being invested in new means of production.

Put slightly differently, we can say that financialisation is a consequence of the fact that neoliberalism has aggravated two central contradictions of the capitalist system – the twin problems of ‘over-accumulation’ and ‘under-consumption’. And we can add that neoliberalism itself is rooted in the TCCC – the long-term tendency towards the concentration and centralisation of capital.

These two tendencies – over-accumulation and under-consumption – have sometimes been treated as alternative theories of crisis.<sup>31</sup> I have never really understood this: they are obviously two sides of the same contradiction; that is,

they are dialectical opposites. They are responsible for a massive ‘scissors crisis’. During the Great Boom, the scissors tended to close, with high levels of productive investment matched by rising levels of personal consumption. In the neoliberal era, the scissors have opened. Social inequality, falling until the 1970s, has since increased dramatically. Surplus capital has accumulated at one pole, while demand has been drained away at the other, as corporations drive down wages in their own workplaces, jack up prices in what are effectively managed markets, and avoid the risks inherent in large-scale productive investment.

So the modern corporation is awash with surplus capital. Some of this gets invested in secondary activities like marketing. Reduced price competition need not mean reduced competition *per se* – it can, and does, mean a huge expansion of advertising, branding, packaging, redesign, and so on, in an effort to expand market share without the risks inherent in price competition.

But ‘the sales effort’ does not absorb enough of the surplus. So a lot gets redirected into mergers and acquisitions, asset stripping, privatisation, financial speculation, and so on. There is a vast expansion of the ‘financial services industry’ and an explosion of diverse ‘financial products’ – because there is so much surplus capital swilling around the system looking for an easier and safer way to make profit.

This is financialisation.<sup>32</sup> It is not just to do with banks. Industrial corporations are also heavily involved in all sorts of financial trading. The whole system has made a shift from production (of real goods and services) to speculation (in financial assets). Financialisation is grounded

in debt. Essentially what is being traded are claims on resources expressed in monetary form – bonds, shares, mortgages, derivatives, currencies, etc. Just as industrial capital is grounded in personal consumption of goods and services, financial capital is grounded in personal debt.

Financialisation has been central to the Neoliberal Counter-revolution. Governments have been promoting market deregulation, low interest rates, financial innovation, and rising corporate and household debt for a generation. The economy has been flooded with electronic loan-money. This process is self-feeding. If capital flows into speculation rather than production, asset prices rise faster than profits and wages in the real economy. This means yet more capital flows into property holdings instead of productive investment. The problem, expressed in the technical language of classical economics, is that the ‘marginal efficiency of capital’ – which is to do with capital always seeking the best return – usually, nowadays, dictates investment in the money markets, where returns are often safer, quicker, easier, and higher, rather than in new production facilities.

## PERMANENT DEBT

Some Marxist commentators have failed to grasp the significance of financialisation because they have been mesmerised by Marx’s insistence that capital is ‘the self-expansion of value’, expressed in the formula  $M - C - M+$ , where  $M$  is the money originally invested,  $C$  are the commodities (energy, raw materials, machines, labour-power) used in the production process, and  $M+$  is the money recouped with an increment (profit) when the output is sold. The argument is that, since value can be created only in

‘the real economy’, where goods are produced and services provided, what happens in the financial sector must be a secondary phenomenon. But this is not the case.

Two short theoretical digressions may be useful here. The first concerns the distinctions Marx makes between the ‘use-value’, the ‘exchange-value’, and the ‘price’ of a commodity. These three aspects of one and the same commodity constitute a contradictory unity. The use-value of a commodity is determined by the human need it satisfies. The exchange-value of a commodity is determined by the labour-power embodied within it. The price is determined by the operation of the market. Goods and services are always concrete: particular things to satisfy particular needs. Exchange-value and price – which find their expression in money – are, on the other hand, abstract. Money, in fact, can be defined as the abstract general form of value, though it is itself a contradictory unity, since exchange-value and price are not the same and may diverge. What matters here is that money is an abstract general claim on a portion of society’s wealth; but it is not identical with that wealth, which must always exist in the form of real goods and services with real use-value.

Capital can be defined as ‘the self-expansion of value’, but what capital seeks is not concrete *values*, but abstract *value*, that is, value in its general money form. Because of this, there is absolutely no reason why any particular unit of capital should be invested in production if it can earn a higher return through investment in the money markets. In the former case, capital is accumulated through the circuit  $M - C - M+$ . In the latter case, it accumulates through the circuit  $M - (M) - M+$ , where  $M$  is the money originally

invested, (M) is the monetary asset purchased, and M+ is the original money recouped with a profit when the asset delivers a return (interest on debt) or is sold on at a higher price. So instead of ‘the self-expansion of value’, we have ‘the self-expansion of money’ (that is, the self-expansion of the abstract expression of value in general).

Though no new value is created in this financial circuit, the holder of M+ is still left with a higher claim on *existing* value than he/she held at the outset. From the perspective of the individual capitalist, the result is identical: a profit on the capital invested, expressed in the form of money, the abstract general form of value.

Let me point out in passing that a second ‘contradiction in itself’ is evident here: that between ‘surplus-value’ and ‘profit’. We can define surplus-value as the proportion of total value (the sum of social wealth in the form of commodities) which accrues to capital as opposed to labour. But surplus-value – like value in general – is created by all of society’s productive processes working in combination, and it is then distributed across the capitalist class through a complex series of market and regulatory mechanisms. At the highest level of abstraction, it must, of course, be the case that total profit equals total surplus-value. But the balance-sheet profit accruing to any particular unit of capital is a function of the market; so much so that wholly parasitic activity – like that of speculators, for example – can still be rewarded by a share in the distribution of surplus-value.

In the financial circuit of capital – ‘the self-expansion of money’ – no new value is being produced. From the point of view of society, it is pointless. But profit in the

form of money – which is essentially debt created in the electronic circuitry of the banks – is being accumulated. So a gap opens between value/surplus-value (which must be real) and money/profit (which is merely a matter of accounting).<sup>33</sup> As that gap widens, the system is destabilised, becoming increasingly subject to speculative bubbles and crashes, but the rich are nonetheless enabled to ratchet up their claims on the wealth of society (that is, on the value being produced in the real economy).

This is the essence of what we might call ‘the permanent debt economy’ – a stage in the development of the system where the financial/speculative circuit (M – (M) – M+) has become predominant over the industrial/productive circuit (M – C – M+). To reiterate the basic point: in the context of long-term stagnation-slump (or ‘underemployment equilibrium’), that is, a scissors crisis of over-accumulation and under-consumption, the pumping of electronic money into the system keeps its embers glowing even in the absence of real investment. Rising debt is both an outlet for surplus capital seeking easy profit on the money markets, and a way of sustaining demand when wages are low and public spending is cut.

The scale of the debt economy is staggering. By the end of the last century, 95% of all currency trading was speculative – that is, it was not to facilitate the exchange of real goods, but to make money on changing relative values. Before the Crash of 2008, at the peak of the bubble, the trade in derivatives – debt-based financial assets – was estimated to have had a value of \$500 trillion, equal to ten times global GDP. It is estimated that the value of debt and speculation in Britain runs at around five times the



value of the real economy. Across the EU, banks assets are worth about 350% of total European GDP.<sup>34</sup> Most of this is funded by ‘leveraged’ finance. This means banks borrowing from banks in order to speculate – creating countless chains of electronic money threaded across the global financial system in networks of impenetrable complexity.

Supporting this great edifice of debt are the consumers. Workers in many parts of the developed world have become heavily indebted because of stagnant incomes, easy credit, and rising house prices. And workers buying on tick then become the basis of a vast inverted pyramid of financial ‘derivatives’, unsecured debts, and inflated asset values. Average US household debt more than doubled between the late 1970s and 2006. US credit card debt alone in 2009 was estimated to be worth \$850 billion. Total debt grew from about 1.5 times US national output in the early 1980s to nearly 3.5 in 2007. The financial sector’s share of US profits increased from about 15% in the early 1950s to almost 50% in 2001.<sup>35</sup> Despite a fall in wages relative to the surplus being accumulated by the corporations, consumer debt has helped maintain aggregate demand. Instead of paying for goods and services with wages already received, working people are paying for stuff by taking out loans secured against future earnings.

Capital cannot stand still – it is a *process* of accumulation. The rising surpluses swirling around inside the system have to be reinvested in order to grow further. Investing in debt offers easy, fast-flow, high-value returns. Financial profit is also hard to detect. The real economy can be measured and taxed. Finance – wealth in the form of electronic numbers – can be secreted away in offshore tax-havens.

Debt is therefore the very basis of modern capitalism. The system is a debt junkie with a habit it cannot kick without collapsing. The drug is the only thing sustaining its zombie-like existence.

## SUMMARY

Capitalism has passed through a number of distinct historical phases. I define these as: Mercantile Capitalism (1450-1800); Industrial Capitalism (1800-75); Imperial Capitalism (1875-1935); State-managed Capitalism (1935-75); and Neoliberal Capitalism (1975 onwards). The transition from Mercantile Capitalism to Industrial Capitalism was mediated by the Industrial Revolution (1750-1850). Subsequent transitions have been a consequence of the long-term tendency towards concentration and centralisation of capital. This tendency means that the system has become increasingly pathological, dysfunctional, and prone to stagnation, slump, and breakdown.

The current phase of global financialised monopoly-capitalism is characterised by: the rise of the world mega corporation; the decline of the state as an economic actor (as opposed to reactor); a rising mass of surplus; endemic under-consumption; permanent stagnation-slump and ‘underemployment equilibrium’; extreme and growing social inequality; and the dominance of the financial circuit of capital ( $M - (M) - M+$ ), a permanent debt economy, a vast debt overhang, and a succession of speculative bubbles and crashes.<sup>36</sup>

Marxist crisis theory has taken two main forms, the TRPF (the long-term tendency for the rate of profit to fall) and the TCCC (the long-term tendency towards the

concentration and centralisation of capital). The TRPF has to be rejected as a theoretically unsound conception that is unable to contribute anything to our understanding of the development of global financialised monopoly-capitalism, the permanent debt economy, and the current period of intractable stagnation-slump. Rather, we should regard the crisis of Neoliberal Capitalism as the latest phase in the long-term tendency towards the concentration and centralisation of capital.

In the crisis last time – that of the Great Depression – there was a reformist fix available: the ‘Keynesian’ transition to the State-managed Capitalism that underpinned the Second Great Boom. But capital has burst its national shell, and no such reformist fix appears possible today. A parasitic system of speculative finance-capital has humanity trapped in its coils. No solution to the economic crisis seems conceivable without the overthrow of finance-capital, the repudiation of debt, and the nationalisation of banking and money creation. But what Keynes once called ‘the euthanasia of the rentier’ would today amount to the dispossession of the capitalist class as whole, since its wealth and power is now inextricably rooted in the permanent debt economy. The implication is that the current crisis of global financialised monopoly-capitalism cannot be resolved without international working-class revolution and a socialist transformation of economic and social life.

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## NOTES

- 1 I am capitalising my attempts to periodise and characterise what I see as the main phases in long-term capitalist development.
- 2 Faulkner 2016, 10.
- 3 Hobsbawm's periodisation of 'the long 19<sup>th</sup> century' – the Age of Revolution (1789-1848), the Age of Capital (1848-75), and the Age of Empire (1875-1914) – is compelling.
- 4 Faulkner 2016, 4-5.
- 5 Hobsbawm 1975/1985, 44.
- 6 Hobsbawm 1975/1985, 70.
- 7 Hobsbawm 1975/1985, 55.
- 8 Faulkner 2013, 165-6.
- 9 Classical economics has nothing significant to say about stagnation-slump, which, according to the textbooks, should not occur. Since they do occur, any economic paradigm that ignores them is, *ipso facto*, non-scientific. Since the onset of the Long Depression in 1873, only Keynesian and Marxist economists have made serious attempts to understand the capitalist economy as it actually *is* – as opposed to how classical (and neo-classical) economists think it *ought* to be.
- 10 Faulkner 2013, 166-7.
- 11 Faulkner 2013, 297-8.
- 12 Faulkner 2013, 161, 175-6.
- 13 Faulkner 2013, 221-6.
- 14 Faulkner 2013, 253-4.
- 15 See Kidron 1968/1970, esp. 48-64, and Harman 1984, esp. 75-90. The quip is attributed to Tony Cliff.

- 16 Harman 1984, 93-9.
- 17 Glyn and Sutcliffe 1972, 50-72, esp. 59-61.
- 18 Data from *Fortune* Global 500 and International Monetary Fund for 2016.
- 19 *Fortune*, 'Top CEOs make more than 300 times the average worker', 22/6/2015.
- 20 *Guardian*, 'Let's talk about debts', 12/1/2017.
- 21 El-Gingihy 2015, 9-10.
- 22 Data from World Bank.
- 23 See, for example, Harman 1984, 14-49.
- 24 Marx 1894/1981, 317-75.
- 25 Engels 1894/1981, 91-94.
- 26 The key texts are Kidron 1968/1970 and Harman 1984. The International Socialists were founded in 1950/1, though they were originally known as the Socialist Review Group, and then became the Socialist Workers Party in 1977. The SWP entered a period of internal crisis in the 2000s, and since 2010 has been broken up by splits and a haemorrhaging of members. The sectarian rump that carries the name today bears little resemblance to the earlier powerhouse of Marxist theory and practice. Versions of the TRPF are also advocated by both Robert Brenner and Andrew Kliman amongst others.
- 27 I fear that Ben Fine and Alfredo Saad-Filho, for example, fall into this trap at 2004, 109-25.
- 28 The fallacy of treating the TRPF as an explanation of crisis was explained as long ago as 1942 in Paul Sweezy's *The Theory of Capitalist Development*, 96-108.
- 29 The seminal work in this tradition is Baran and Sweezy 1966/1968. Foster and McChesney 2012 provides a

useful update.

30 See especially Baran and Sweezy 1966/1968, 27-116.

31 E.g. Harman 1984, 122-54.

32 See Magdoff and Sweezy 2008, Foster and Magdoff 2009, and Lapavistas 2009 for the theory of financialisation.

33 See Galbraith 1975/1976, Ryan-Collins *et al* 2012, and Mellor 2010 and 2016 for the theory of money and money-creation.

34 Faulkner 2016, 31.

35 Faulkner 2016, 32.

36 See Turner 2016 for a highly critical assessment from an Establishment insider on the parasitic nature of modern banking and the debilitating effect of the debt overhang.



# LEFT POPULISM

## THE CHALLENGES FROM GRASSROOTS TO ELECTORAL POLITICS

Marina Prentoulis and  
Lasse Thomassen

In this environment, the division between the traditional Left and Right is being redefined according to the grain of the political culture of each country. As the Right (and far-Right) are in many countries in the process of redefining themselves as opponents of the neoliberalism they have been vigorously imposing for over thirty years, in favour of a new ‘national, interventionist conservatism’ (the British Conservatives are a good example), the Left is exploring the relationship with grassroots movements and left populism. Indeed, ‘movement’ and ‘populism’ are the new catch phrases of the Left. The only problem is that, more often than not, the appropriation of these terms as a panacea for the Left comes with crude theoretical and political simplifications that undermine their usefulness. We would therefore like to problematise the challenges for left populism, focusing on the relationship between parties and movements and on the drawing of new antagonistic frontiers within diverse contexts across Europe today.

## TIME FOR A POPULIST, LEFT INTERVENTION

The success of neoliberalism for the past thirty years was to a great extent possible due to what has been termed ‘the post-democratic condition’. On the one hand, ‘the peoples’ of Europe had been excluded from democratic decision making at national and transnational level. On the other hand, the neoliberal technocracy - domestic and European – displacement of economics from the realm of politics came to a head with the 2008 crisis: a crisis that no ‘expert’ predicted, despite revealing deep structural problems in the banking and financial sector that was, ultimately, left intact apart from the impoverishment of huge numbers of people in Europe and abroad. The consensus over neoliberal policies and the foreclosure of any alternative – TINA: There Is No Alternative - has been safeguarded by technocratic experts interpreting the norms of economics in accordance with the neoliberal consensus, even after the crisis.

The persistence of this post-democratic condition, and the particular form it takes, can be exemplified in the framing of the negotiations between Greece and the Troika (IMF, ECB, EC) in 2015 and the Brexit debates in 2016-17.

In terms of Greece, the crisis revealed the structural inequalities inscribed in the Eurozone project, which enabled the financial sector to survive unscattered, while the people of Southern Europe and, especially, Greece still suffer the results of extreme austerity, unsustainable debt and impoverishment. The catastrophic effects of neoliberal policies are still far from recognised as such, despite the

clear indications. Instead, the frame of ‘household’ economics (‘if you have borrowed too much on your credit card, you’ll have to cut your expenses until you pay it off’) persists as much as it did during the 2015 negotiations between the Syriza-ANEL government and the Troika, as it does now, two years on. In the case of Greece, the conflation of macro- with micro-economics allowed the representation of the country as an exception, alone responsible for its structural weakness to compete in a globalised, neoliberal economy. But the consequences of this narrative extended beyond Greece. Moral claims around issues of debt, expenditure and investment<sup>1</sup> continued to support the further privatisations and deregulation of domestic labour markets,<sup>2</sup> but now coupled with a return to a nationalist, regressive discourse adopted by Brexit Britain and Trump’s presidency.

In Britain, during the referendum campaign, the Remain side emphasized the economic consequences of a Leave result, but, more often than not, by advocating the same neoliberal principles that had alienated big parts of the population. It was met by a Leave discourse that anchored its economic arguments not in a challenge to neoliberal politics, but in the double call for further deregulation and prioritisation of the national agenda. When Dominic Cummings, a leading figure of the Leave campaign explained his post-Brexit vision, he characteristically imagined Britain ‘not being bound by all the ludicrous rules of the EU, you can make yourself a centre where the people who want to lead technological revolutions come to work, because we’ve got huge assets there. We’ve got the City of London. We’re free of the EU regulatory hor-

ror. We can move extremely quickly.<sup>23</sup> The images of the sovereign individual and the sovereign nation converged in this discourse.

The success of this discourse rested, on the one hand, on a ‘common sense’ understanding that less restrictions will allow unrestrained trade deals between the EU and other partners such as the US. It did find fertile soil especially among those outside the metropolitan centres who did not benefit from globalisation and had been impoverished by thirty years of neoliberalism, embraced by successive Tory and Labour governments alike. What is interesting here is that neither the neoliberal direction of the EU political establishment nor the national neoliberal agenda were put into question. Instead, frames with more immediate resonance, such as immigration, were used successfully by right-wing populists dominating the public debate and the mainstream media panels.

Assisted by an unconscious nostalgia for the imperial past of Great Britain, a past when ‘Britishness’ dominated (literally) and had brought to submission the colonial ‘others’, the Leave discourse resonated with voters in every little English town, migrant presence or not. Just like the electorally more successful Marine Le Pen in France, Nigel Farage and the Tory Leavers promised to liberate us from these ‘others’, those being the obstacle to our national identity: from the EU, from globalisation, from Muslim immigrants and, in Britain above all, from EU nationals taking British jobs and becoming a burden on the British welfare state.

If the political terrain was ripe for a populist inter-

vention in both Greece and Britain, what were the conditions that differentiated the successful type of populist discourse – left in one case, right in the other? We think the answer has to be traced in the first instance to the social movements, or their absence, that preceded the populist parties, and, in the second instance, the ability of a populist political movement to ‘transverse’ the terms of the old political landscape and create new antagonisms and new points of identification.

## DISLOCATION, GRASSROOTS MOVEMENTS AND DIFFERENT SOCIAL SITES

The economic crisis in Greece and Spain, and the rapid and severe pauperization of parts of the population that up to that point felt secure in relative prosperity, led to the grassroots demonstrations known as ‘indignants’ (*Aganaktismenoi/Indignados*). As the previous political affiliations of diverse groups of people in the two countries were loosened, they joined together in these inclusive movements, which broke the identification with previous political labels. It was indeed this ability of the movements to speak in a way so as to embrace a diversity of grievances beyond the traditional confines of left/right politics that allowed them to play a decisive role in shaping future of politics of the two countries.<sup>4</sup> In the first instance, scholars proclaimed these protests to be ‘horizontalist’ experiments of ‘direct democracy’, resisting the verticality of representational politics. Elsewhere, we have argued that there is no horizontality without verticality, and that attempts to build horizontalism always retain some element of representation.<sup>5</sup>

There is something more at stake here, however, significant for our understanding of the relationship between populist parties and movements, and this has to do with the kind of demands made by the movements of the indignants. Many of those demands were anti-system, sometimes against the political parties, sometimes against the political system as a whole; sometimes against the capitalist system or key parts of it (financial institutions, above all), and sometimes just against ‘the system’ as such without specifying what it might mean. Other demands are not immediately anti-system. They are particular demands about this or that public policy or law, or about grievances that people experience in their everyday lives: the mortgage system, the closure of the local post office, and so on.

What we have found is that, for something like a left populist movement to gain traction, it is necessary to connect the anti-system demands with the particular demands. Thereby the particular demands become politicised and radicalised, because they become framed as anti-system demands: the closure of the local post office becomes a sign of some bigger malaise of the political or economic system. But it always works the other way around: as demands against the system become concretised in particular demands, the populist anti-system discourse becomes tangible and meaningful, and can then reach wider sections of the population. This kind of discourse only works if it is at once abstract – ‘anti-system’ and very concrete – relating to people’s everyday lives.

Now, consider the cases of Occupy London, the *Aganaktismenoi* in Greece and the *Indignados* in Spain. In the case of Occupy London, nothing happened: the demands of the

movement remained anti-system, and they were left there. They did not manage to become widely accepted by articulating together diverse grievances, grievances which talk to people's everyday experience. In the case of Greece and Spain (and in the less well-known case of Slovenia), the demands were transformed as they were articulated by Syriza and Podemos, first, within the mainstream mediascape and, later, within political institutions. As a result, they were no longer simply anti-system marginal demands but contesters of power aiming to take on and change the system. The transformation of demands requires work on both sides: both within the movements and within the parties operating in a different terrain. And in this process, the articulation of concrete demands with a populist frontier between 'the people' and 'the system' is essential. This is what happened in Greece and Spain (and Slovenia), but not in Britain.

The potential transformative ability of the activists and the movements rested on their capacity to move from one social site to another.<sup>6</sup> In the case of Greece, after the movements receded, part of the grassroots activity was channelled into the creation of 'solidarity networks'. In Spain, part of grassroots activity was channelled into local politics that transformed the municipalities of, for example, Barcelona (Barcelona en Comú) and Madrid (Ahora Madrid). Moving to the site of electoral politics, through Syriza and Podemos, was the attempt to articulate the demands of the 'people', or parts of it, into an equivalential chain, and make them the contesters of a new type of politics. The trajectory of Syriza and Podemos was not similar: Syriza pre-existed the 2011 indignant movements as a small electoral coalition of left organisations,

actively supporting the participation in social movements. Podemos, which only emerged in 2014, is the product of the movements, and that may be part of why it resisted labelling itself as 'left'. What is important to emphasise here is that the articulatory practice starts on one site, that of the movement, and then moves to another, that of electoral politics.

In Britain, we have a different political trajectory. The two moments in 2011 questioning the political system, the London Riots and the Occupy London Stock Exchange protests, did not manage to bring together different demands or to extend discontent beyond particular sectors of the population. The London riots in August 2011 were set in motion by the police shooting of 29-year-old Mark Duggan. The initially peaceful march to the Tottenham police station soon sparked riots across many districts in and outside London. The looting and violence and the absence of clear demands obscured the root causes of the events and the anger accumulated by British communities that had been victimised, marginalised and excluded from the benefits of globalization for decades.

The Occupy movement born in the US in the summer of 2011 had a global appeal and defined themselves as leaderless and party-less.<sup>7</sup> Despite its contribution on the grassroots level, in Britain it failed to generate a widespread response that would transform electoral politics. One possible contributing factor is that the financial crisis had not produced the same dislocatory effect on the British working and middle-classes, and, as such, they still identified with the institutions – including the political parties – of the existing economic and political system. As a result, Oc-



copy failed to bring together diverse and wider sections of the population.

Instead, the ‘movement’ that promised to challenge electoral politics in Britain was Momentum: the organization built out of the Jeremy Corbyn campaign for the leadership of the Labour Party in 2015. The aim of the organization is ‘to increase participatory democracy, solidarity, and grassroots power and help Labour become the transformative governing party of the 21st century’.<sup>8</sup> Many things can be said about the internal debates and organisational structures of Momentum, and it is worth attention in its own right as a different attempt to intervene in electoral politics. Nevertheless, Momentum remained confined to the narrower sphere of Labour politics, and it failed to generate a wider social interest despite its impressive membership. As we will argue in the next part, this is coupled with the inability of the Labour Party, and the Corbyn leadership in particular, to deal with the rupture created by the British EU referendum.

To sum up, the potential for a left populist intervention rests in the first instance on the dislocation of previous political affiliations and identities, a dislocation that may be manifested as grassroots level. When these dislocated identities are then articulated by social movements, and when the anti-system demands are connected to concrete, everyday grievances, we have the possibility for the emergence of populist parties.

## BEYOND LEFT AND RIGHT?

Usually we divide parties into left and right plus its many combinations of centre, centre-left, centre-right, far left and far right. Parties place themselves on the left-right axis, and so do voters who will identify themselves as left or right or centre. This creates a challenge to any populist left party. The experiences of Podemos in Spain, Syriza in Greece and the United Left in Slovenia show that there is not a single correct road to be taken.

In Spain, the Indignados refused to be labelled a movement of the Left. When they proclaimed ‘They don’t represent us!’, they referred to the parties of the Left as well as the Right. And so, when Podemos was created three years ago in 2014, they tried to go beyond left and right. Not in the way of Blair’s, Clinton’s and Schröder’s ‘the third way’, which was an attempt to place themselves in the middle and optimise electorally. For Podemos, it was not a question of moving a bit to the left or a bit to the right; doing so would just reinforce the left-right terms of Spanish politics. Instead, they sought to disrupt the way in which Spanish people thought about politics, and the way in which voters identified themselves. They did so by introducing a new axis or division: between above and below, between the establishment (*la casta*) and the people. All the old parties – left or right – were placed in the category of the establishment together with the banks and other economic elites. Below, as part of the people, were ordinary Spanish folks.

Podemos saw very well that, if they had to change Spanish politics, and if they had to have a chance of win-

ning elections, they could not do so from a position on the Left. They would be squeezed between the centre-left socialist party (PSOE) and the old left in Izquierda Unida (IU). At most, they would be able to take some voters from PSOE's left flank and a few voters from IU's right flank. By moving from the left-right axis to the establishment-the people axis, Podemos would have the people all to themselves. They would become *the* representative of the people, and the old parties would gradually become irrelevant.<sup>9</sup>

This is what, in Podemos, they call transversality. Transversality is really about changing the rules of the political game. Where before Spanish politics was a question of left or right, it now became a question of establishment or the people. Put differently, transversality is about changing the terms of what we are struggling about and for – and making sure that those terms favour the way *we* see the world. In the case of *populism*, transversality involves articulating an antagonistic frontier. The antagonism can be between any two poles: the people vs the establishment, the people vs the EU, the nation vs immigrants, left vs right, and so forth. In the case of Podemos, they managed to articulate a new antagonism (the people vs the establishment) in place of the old one between left and right.

In Spain, the success of Podemos' transversality was undermined, among other things, by the emergence of the centre-right liberal Ciudadanos party. Although much less successful than Podemos, Ciudadanos were, like Podemos, the new kids on the block. And like Podemos, they were happy for Spanish politics to no longer be a matter of left or right, but a matter of, if not above and below, then at least old and new. In other words, Ciudadanos was able to

play on the terrain opened up by Podemos because they were a new party. (Strictly speaking, they were not a new party, but until then they had only had limited success and only in Catalonia.) Disaffected right-wing and centre-right voters now had a place to go to without having to go to Podemos. Podemos's success in realigning Spanish politics along a new axis thus also made it possible for other parties to take advantage of this realignment.

In Greece, Syriza took a different path. The main faction within Syriza was the product of KKE-es (Communist Party of Greece-Interior), which split from the KKE (Communist Party of Greece) in 1968 following a Eurocommunist trajectory. In the 1990s, part of KKE-es was incorporated into the electoral coalition *Συνασπισμός της Αριστεράς και της Προόδου* (Coalition of the Left and Progress) which in 2004, together with other left extra-parliamentary organisations, formed Syriza. The historical roots of Syriza were thus always associated with the Left, but a radical, democratic Left in favour of broader coalitions and actively engaged in social movements.<sup>10</sup> Indeed, prior to the emergence of Podemos, IU was the natural ally of Syriza in Spain as far as left alliances go; beyond that, IU chose not to engage with the new movements in the way that Syriza did.

By 2010, the financial crisis had significantly increased the Greek sovereign debt. The PASOK (centre, socialist) government accepted the unprecedented austerity part of the bailout agreement (the so-called memorandum) proposed by IMF, ECB and EC as sovereign debt started to reach unrealistic levels. The indignant movement expressed the anti-establishment sentiment, and, by the time of the

2012 election, both mainstream parties, New Democracy (centre right) and PASOK, had lost most of their share of the vote. A new element was now added to the antagonistic frontier articulated by the indignants movement between the people and the establishment: the memorandum. The memorandum became a sign that the political establishment had sold the people; the establishment became defined as those who signed the memorandum, with the indignants and Syriza opposing it. (Of course, later that changed when the Syriza-led government was forced to accept the memorandum.) Syriza, actively involved in the indignant movement, against the austerity measures imposed on Greece and ‘anti-establishment’<sup>11</sup> managed to hijack the centre and centre-left vote. Syriza transversed the old left-right axis of Greek politics in two ways in particular. First, because they became the primary voice of opposition towards the old elites and the austerity imposed by the Troika; and, second, because they were able to connect together a variety of demands – of working class sectors, ‘educated employees in the public sector, professionals and small employees’<sup>12</sup> – in order to come to power. Syriza remains associated with the Left, but this association has not stood in the way of gaining government power.

In Slovenia, the United Left self-identified as left and socialist from the beginning, and it continues to do so.<sup>13</sup> Like Syriza and Podemos, they rose to prominence on the back of the financial crisis and a crisis of representation and social protest. And, like Syriza and Podemos, the United Left struggles with the tensions between horizontalist activist practices and the more vertical structures of the political system. Unlike Syriza and Podemos, however, they have not

appropriated a populist discourse, and so far they have only made relatively small electoral gains, achieving six percent and six seats in the 2014 parliamentary elections.

As the experiences of Spain, Greece and Slovenia show, there is no one-size-fits-all answer to what a radical left party should do in order to gain electoral support. Syriza and the Slovenian United Left self-identify as left; in electoral terms, one has been successful, the other less so. In one case, the party appropriated a populist discourse and articulated new antagonisms (the people vs the establishment, the people vs the memorandum, the new vs the old); in the other case, the party did not take a populist turn. Podemos chose the road of transversal populism and rejected the Left label. Nonetheless, most people in Spain identify them as to the left, somewhere between PSOE and IU. This has been helped by the old political class and the mainstream media who have not hesitated to shout that the commies are coming (again). Despite their efforts to the contrary, Podemos has not been wholly successful in transversing the old left-right axis, which continues to shape Spanish politics to a significant degree.

In 2016, Podemos created an electoral alliance with IU for the general election in June. The electoral system favours the biggest parties, and the thinking was that the electoral alliance would optimise the number of seats in parliament. Although the new alliance – Unidos Podemos – increased their number of seats by two, the results were disappointing. Compared to the combined total of Podemos and IU votes in the 2015 general election, Unidos Podemos lost more than a million votes.

The question was if Podemos should opt for a more

transversal strategy, or if they should present themselves as a party of the Left. How do you maximise your electoral support: do you aim for a thin slice of the whole electorate, or for a big slice of the Left electorate? There is no way of deciding for sure if the poor results were a result of the alliance with IU. The alliance was heavily disputed within Podemos though, dividing the party's leader, Pablo Iglesias, and its number two, Íñigo Errejón. For the *Errejonistas*, the alliance was a mistake because it locked Podemos into the Left, thereby limiting its transversal potential. For the *Pablistas*, the transversal strategy had failed because Podemos had not overtaken PSOE. They might also point out that Podemos is anyway associated with the Left in most people's minds, so they might as well show the flag. The trouble is that this realigns Spanish politics back to where it was: left versus right. And the equivocation over how to identify themselves – as left, or as neither left nor right – makes Podemos look inauthentic: inauthentically left and inauthentically transversal at one and the same time.

Neither transversality nor populism is simply a matter of realigning politics from left-right to the people vs the establishment. It can take many different forms. In the UK, Brexit has realigned British politics along a division between Leavers and Remainers. The Conservatives and Labour are divided down the middle over Brexit. The Conservatives have overwhelmingly gone for Leave; Labour equivocates. The discussion over article 50, the starting of the Brexit process, is a good example. The Labour leadership, in order to avoid being branded as 'the enemy of the people' (those who go against the will of the referendum), decided to vote in favour of triggering article 50. This despite the fact that,

so far, the form Brexit will take had been defined by the Conservative government according to the lines of a 'hard' Brexit. (A 'soft' Brexit' would potentially involve membership of the single market and, as a result, fewer border restrictions than Prime Minister Theresa May has promised.) In order to compel Labour MPs to vote for article 50, the leadership imposed a three-line whip, which put some Labour MPs from Remain constituencies at odds with their electorate. Furthermore, the attempts of Labour, SNP (Scottish National Party), Greens and Liberal Democrats to pass the Bill with some amendments that would 'soften' Brexit and make a vote in the British parliament a meaningful one (before the negotiations between the UK and the EU get to their final stages) were all rejected. Now it remains to be seen if the unelected House of Lords can pass some amendments.

Corbyn's decision to enforce a three-line whip potentially alienated a number of MPs and Shadow cabinet members who had previously been loyal to him, creating more internal divisions. Not only is Labour's equivocation not transversal, it may also diminish the ability of the party, on the one hand, to act in unity and, on the other hand, to become the agent of a new inclusive, equalitarian discourse. Equivocation just means that you do not let the others define the terms within which you struggle. When you define the terms of the political game, you can define those you are struggling against – and define them up into a corner from where they cannot escape.

As things stand, UKIP and the Conservatives are competing for Leave voters, and Remain voters are left to the Liberal Democrats and the Greens. To be part of the



competition, Labour needs to redefine the terms of the competition so that it is no longer a matter of leave or remain. Brexit needs either to be relegated to a secondary division or to be framed against the Conservative discourse. Although Labour still insists they will fight against the Conservative Brexit, it has not redefined Brexit. It just promises to oppose its more destructive terms at some future moment

## CONCLUSION: THE ROAD FORWARD

A populist left intervention does not happen in a vacuum. Conditions of dissatisfaction and hostility towards ‘the establishment’ enable new left parties to emerge as important contesters of power. When the links with the political system have been loosened, grassroots activity, in the form of protests, movements and/or riots, announce the distancing between ‘the people’ and the political system. If the demands of these activities are anti-systemic, but at the same time tangible and close to the everyday grievances of the people, they can potentially become serious contesters at parliamentary level. New left parties can become the embodiment of the ‘will of the people’ as long as they engage actively with grassroots activity, attempting to draw new antagonistic frontiers which redefine the terms of the struggle and articulate diverse demands together anew. This is neither a simple nor an easy process. The conditions and the pre-existing social ruptures in each context may be more or less favourable. What is important, however, is – rather than following the examples of Syriza, Podemos and other left populist parties as instances

offered for imitation – to engage with the underlying logics at play, in order to be in a position to recognise the challenges (and the diverse reservoirs) available in each case.

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# NORTHERN IRELAND AND THE BREXIT WRECKING BALL

Joseph Healy

A crisis arose in Northern Irish politics with a new Assembly election called. Trust had broken down between the two leading parties under the power-sharing agreement - Sinn Fein and the Democratic Unionist Party (DUP) - with Sinn Fein pulling the plug on the power-sharing arrangement and calling for new elections.

But is this just more of the same old, same old, politics in Northern Ireland with the Unionist community supporting the DUP and the nationalist community overwhelmingly supporting Sinn Fein? This is the view of many political commentators who believed that the new election would just see a very similar political

makeup in the new Assembly.

But there are two major differences this time. One is corruption and the other is Brexit. The grounds on which the relationship between the DUP and Sinn Fein broke down were ostensibly over the 'Cash for Ash' scandal. This was a scheme negotiated by a DUP minister where businesses were paid a subsidy effectively to burn more fuel - the more you used the more you were compensated. Now while it is clear that the DUP is a party which dismisses climate change this scheme was even too much for some of them. One leading DUP Assembly Member broke cover and revealed that Arlene Foster, the First Minister and DUP leader had effectively set up the scheme. When Sinn Fein and all of the other parties in the Assembly called for an investigation and the temporary resignation of Foster this was dismissed out of hand. This was too much for Sinn Fein and they withdrew from the power-sharing government.

But it is not just the 'Cash for Ash' scandal which has led to the present crisis. The DUP, since Foster took command, has consistently snubbed Sinn Fein and the representatives of the nationalist community. An example was when a DUP minister withdrew funding for children from nationalist areas to attend Irish language courses in the 'Gaeltacht' (Irish language-speaking areas in the Republic). When Sinn Fein threatened to leave the government the funds were mysteriously restored. This was just one example of the DUP's deliberate sidelining and insulting of Sinn Fein and the nationalist community.

But the real wild card this time around is Brexit. Northern Ireland voted by a large majority, across political

lines, to remain in the EU. The DUP was the exception, supporting Brexit and seeing English nationalism as the ally and buttress of Ulster Unionism. As Fintan O'Toole pointed out in a recent *Irish Times* article, they even went so far as to place ads in the *Metro* paper in London calling on Londoners to vote Brexit! For the DUP, Brexit would signify a final dividing line between Northern Ireland and the Republic and the death of the dream of a reunified Ireland.

However, Northern Ireland is the part of the UK which would be most impacted economically by Brexit and the majority of people there know this, hence the vote. Its main trading area is the Republic and the prospect of a hard border would be economically devastating. Particularly in the border areas, people shop and trade across the border virtually every day. The impact of the loss of EU subsidies to agriculture in Northern Ireland would also be devastating.

When comparing Northern Ireland's goods trade to the rest of the United Kingdom, some interesting differences arise. Looking at exports to the EU, while Food, Beverages and Agricultural products make 35 per cent of Northern Ireland's total, the equivalent for the rest of the UK is only 10 per cent. Exports of pharmaceuticals account for almost 20 per cent of EU trade in Great Britain, double the equivalent figure for Northern Ireland. As the UK is the largest producer of oil and gas within the EU (ONS, 2015) mineral fuels account for 9 per cent of Great Britain's exports to the EU while Machinery and Transport accounted for over one third. Given such large disparities in the make-up of trade, it follows that disrup-

tion to EU trade will affect Northern Ireland and Great Britain in different ways.

Trade in fuels and pharmaceuticals may prove more robust to limited trade barriers than food and agricultural produce. In particular the system of non-tariff barriers operated by the EU would severely limit trade in food sector irrespective of any favourable negotiations on tariffs on other products. Many of the same non-tariff barriers also exist in the US thus further limiting the ability of the food sector to rapidly expand trade to that market in the event of a Brexit. Moreover, as of 2015 Great Britain exports more goods to non-EU countries than it does the EU. The EU accounts for 47 per cent of Great Britain's total goods exports compared to almost 55 per cent of Northern Ireland. Furthermore the make-up of exports from Great Britain to non-EU countries bears greater resemblance to the make-up of its EU trade. It may therefore be easier for exporters in Great Britain to expand existing non-EU trade links in the event of a Brexit.

Immigration is not an issue in Northern Ireland, except in the hardline Unionist areas which have links with far right groups in the UK such as Britain First and hate all foreigners, whether Catholic Poles or Muslim Pakistanis. However, levels of employment could be severely impacted by Brexit particularly in the food manufacturing sector which plays a much larger part in the economic life of NI than it does in the rest of the UK. Importantly the UK is second last when comparing the importance of food manufacturing to overall employment. Northern Ireland is above both the Republic of Ireland and the European Union average. So Northern Ireland is particularly vulnerable to any disruption in the



food manufacturing export market.

All of the other parties in Northern Ireland oppose Brexit, including the Ulster Unionist Party (UUP), the other main Unionist party. A recent House of Lords Committee on Europe reported that: ‘Northern Ireland must not be allowed to become collateral damage of Brexit’ and ‘The huge impact on Anglo-Irish relations is often overlooked on the British side of the Irish Sea’. This is an understatement as the fate of Northern Ireland, whether economically or in terms of the peace process, is ignored by the fervent Brexiteers in government.

There was a feeling that this election could be different. There is a lot of anger over the ‘Cash for Ash’ scandal but also over other social issues such as the DUP’s refusal to grant gay marriage in Northern Ireland, the only part of these islands where it is banned.

To add further outrage to Irish fears and a sense of historical slight is the fact that May could visit both Trump and Erdogan to clinch trade deals but when invited to address the Irish parliament (the Dail), only the second British Prime Minister to be invited, she refused on the grounds that she did not have time. This, despite the fact that Ireland is the UK’s main trading partner! This shows how relations with the Irish Republic do not feature on the Tories’ Brexit agenda.

Even more evidence of the state of thinking of the UK government was the news that the DUP were given half a day’s debate in the Commons on the issue of Northern Ireland by the government only a few days before the Northern Ireland Assembly elections. No other party in Northern Ireland was given this advantage and it demon-

strates again the alliance between the Tories and the DUP, especially on the issue of Brexit.

Furthermore, both nationalist politicians in Northern Ireland, and politicians in the Republic, are warning that the Good Friday peace agreement, which was backed by the EU, may fray as a result of the return of a hard border and increasing political polarisation. The latest voice to warn of this is the Republic's former Taoiseach and joint author of the agreement, Bertie Ahern. The recent wounding of a police officer in Northern Ireland, the first attack for eight years, shows that sections of the nationalist community are growing impatient with the current political and economic impasse which will be made worse by Brexit.

And what are the prospects of a united Ireland if Brexit goes horribly wrong for Northern Ireland? Up until recently, many Catholics in Northern Ireland favoured remaining in what was perceived as a more economically successful UK, but that could be changing. Peter Shirlow, Head of the Institute of Irish Studies at Liverpool University, recently wrote that any referendum on Irish reunification could now be very, very tight and would have to depend on many Catholics not wanting to be part of a united Ireland. He believes that, following Brexit, those Catholics are now less likely to vote to remain in the UK. And the Catholic vote is vital as the demography of Northern Ireland changes with a likely Catholic majority within a generation. How ironic it would be if 2018, the centenary year of the last time an election was held across the whole of Ireland, with a large majority for independence from the UK, turns out to be the year when Northern Ireland votes to leave the UK because of Brexit.

A report last year, from the Institute of European Studies at the University of British Columbia, postulated that a united Ireland would see a rise in GDP and incomes across the island. The report concluded that the combined gross domestic product of both economies could expand by €35bn in the first eight years after reunification. The GDP of the Republic was €203bn at the end of 2015, while the economy of Northern Ireland was worth about £35bn. This report was welcomed by Sinn Fein and the nationalists for demonstrating for the first time that the reunification of Ireland would have a sizeable economic impact. Indeed, many economists, such as the Irish economist David McWilliams, have argued that partition has consistently stunted the economic development of Northern Ireland with the province being increasingly left in the wake of a much more dynamic and outward looking Irish Republic. This trend will, of course, be magnified hugely by the impact of Brexit.

But would moderate and younger Unionists now vote for something different and distance themselves from the Brexit regime in London and form a real power sharing administration with Sinn Fein and the nationalists? Economically being part of a united Ireland within the EU now makes more sense than ever and the alternative is for Northern Ireland to become an even poorer and backward province of the UK than it is now. Things change slowly in Northern Ireland but this election was worth watching. For the first time in the history of the partitioned Northern Ireland the Unionists have lost their majority in its parliament. Furthermore, Sinn Fein are now only one seat behind the DUP. The arrogance of the DUP and some

of the Unionist community, together with Brexit, has now backfired on the DUP and we are now entering a new political era in Northern Ireland. Suddenly a united Ireland does not seem as far away as it once was.

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RIGHT WING PUTSCH,  
ESCALATING RACISM,  
DEEPENING AUSTERITY

# THE REAL MEANING OF BREXIT

Phil Hearse

The way the Leave campaign have tried to ramp up a fear of immigration has been disgraceful—but the truth is that if you see an immigrant in a hospital, they're far more likely to be working there than being treated. The time has come to brand the “Brexit” campaign for what it is—a bid for a right-wing Tory takeover of the reins of power in the UK and to dismantle the hard-worn social gains of the last few decades. The people leading the case for a vote to leave are on the right of the Conservative Party and will take an “out” vote as their signal to make their power grab complete.

*Nicola Sturgeon, 16/6/2016*

Our enemy's enemy is not necessarily our friend, and of course the Scottish National Party, despite its vaguely left-

ish social-democratic programme, is not a friend of socialism. But Nicola Sturgeon was completely correct on what was happening during the EU referendum last year. Being anti-EU has been the banner of the Conservative right wing for 30 years or more. The victory of the Brexit vote last June represented the spectacular victory of the Conservative right and the forces that backed them – like UKIP.

The core Brexiteers in the Tory leadership are not just right-wing on Europe, they are right-wing on everything. In January 2011, *Observer* political editor, Toby Helm, explained how getting out of the EU was just the banner behind which the Tory right were fighting for a party takeover and to ditch the coalition with the Liberals:

... their concerns run far wider and deeper [than the EU]. Unease is being fuelled by a growing belief in the Conservative party that a series of other fundamental Tory principles are being watered down in a similar way – just to appease Nick Clegg’s party.

As well as Europe, [Bill] Cash cites the coalition’s liberal approach to criminal justice, its stance on the Human Rights Act and a decision to give prisoners voting rights as areas where the very essence of Conservatism is being lost in deals with Lib Dems.

It is part of what he calls “a silent revolution” being pushed through by Cameron and Clegg – one that young Tory MPs are being forced by their whips to back against their will “in defiance of the Conservative manifesto” on which they went to the country only eight months ago.

It was probably not within the wildest imaginings that Bill Cash, John Redwood and David Davis – amongst those dubbed by John Major as being ‘three apples short of a picnic’ - that within five and a half years that they would not only get a European Referendum, but actually win it and be in the midst of a push to get rid of EU workers and carry out a brutal ‘hard Brexit’. But that is exactly where we are. The referendum outcome has resulted in a cabinet that is markedly more right wing than Cameron’s.

In her absurd 2016 Tory conference speech, Theresa May promised that her government would take major steps to tackle poverty and inequality: but the reality is the very opposite. Her government is deepening the policies of austerity, brutalising the NHS, crushing welfare and attacking democratic rights. Every announcement reeks of the Tory right’s brutality: keep out the refugee children, send whistle blowers to jail, sell off the Land Registry to a private company, deny more crucial funding to the NHS, build a new runway at Heathrow, keep EU residents unsure of their future as ‘hostages’ in the Brexit negotiations. And start the deportations now.

The people behind the Tory right and Brexit were not confined to Eurosceptic MPs. Their crucial allies were the Murdoch press, the *Daily Mail*, the *Express* which ran an anti-immigrant front page every day for several years, and the *Daily Telegraph*. All of them regarded the post-2010 coalition with the Liberals as treason and ran an increasingly raucous campaign against the Cameron-Osborne leadership, variously dubbed the Notting Hill set and ‘Cameron’s’, pictured as backsliding liberal ‘lovies’. They are ran a similar (and unfinished) campaign against Commons

Speaker John Bercow for his comments on Trump, and indeed the *Mail* campaign against him as a ‘left’ Tory has been going on for years. The control of a significant section of the print media, especially the best-selling *Daily Mail*, has been crucial for the right-wing billionaires in imposing the right-wing Brexit agenda. The print media is especially important in addressing the most reactionary sector of the electorate, the over-50s, who also happen to be amongst the most likely to vote, with the over-65s recording more than 80% referendum turnout in some regions.

## RISING RACISM, DEEPENING AUSTERITY

Every political event has to be judged not abstractly, but in the concrete political context in which it occurs. Especially we have to judge on the basis of ‘qui prodest?’ – who benefits? The campaign to get Britain out of the EU was not like a progressive, anti-authoritarian uprising, the fruits of which were seized at the last moment by the reactionary right. As I pointed out in a 2009 article<sup>1</sup>, the fight for Brexit, was initiated and led at every stage by the Tory right, backed by UKIP. The result has been to deepen racism from above and racism from below, and to deepen the Tories’ progress towards a radical destruction of the welfare state. The Brexit referendum outcome led to a spike in xenophobic racism in general and a spike in racist attacks in particular. In the weeks following the Brexit vote, reported racist attacks rose by 41%, culminating in the murder of Polish worker Arkadiusz Jóźwik in Harlow, Essex.

As the London *Evening Standard* explained:



Racist and religious hate crimes increased in the UK directly after the Brexit vote, official figures show. Nearly 5,500 racially or religiously motivated offences were reported to police in the month after the vote, new Home Office figures revealed today. The statistics also show that the number of racially or religiously aggravated offences, which include assaults, verbal abuse and xenophobic graffiti, remained above pre-vote levels in August with around 4,500 further incidents during the month, despite falling from its July peak.

It's true that there has been a continual rise in hate crime figures for four years, but the post-Brexit spike in unmistakable. And that is directly because the Brexit vote legitimised racist and xenophobic views making racists bolder in expressing anti-foreigner opinions and staging racist attacks. There has been a major right-wing campaign to deny or minimise this effect of Brexit, pushed forward by the right-wing think tank Civitas, the *Mail*, the *Express* and of course UKIP. Nigel Farage was tackled on this issue by LBC journalist Shelagh Fogarty who asked him whether he thought the rise in racial attacks and the vote to leave the EU were linked. He replied:

I don't think it is. I think we're getting a bit hung up on this (sic). What is also happening is we have people who've previous been convicted of rape and murder coming into Britain and com-

mitting heinous crimes again because of the free movement of people.

Shelagh Fogarty replied: ‘Alright, we’ll come to them again if you like – I mean we’ve covered that extensively – I’m talking about British people who see a foreigner and now feel in bigger numbers, it’s ok to punch them, to kick them, to kill them in some cases.’

Farage replied, ‘I don’t believe that’s the case, if it is, it’s deeply regrettable... If Brexit has led to any increase in bad language or bad behaviour, it is regrettable but I’m not sure the link is a direct link.’ (LBC Radio, September 2014)

So that’s it for Farage – racist attacks and the murder of a Polish man are just ‘bad behaviour’ which is ‘deeply regrettable’. Beyond the racist attacks, Brexit has had multiple negative effects for EU citizens living and working in the UK, asylum seekers and immigrants in general. There’s no doubt that the Home Office is under instructions to minimise the number of new immigrants and asylum seekers let in and to do everything possible to get EU citizens and other non-UK nationals to leave the country. Britain has become a very bad destination for refugees and asylum seekers. A *Guardian* report carried out with three other European newspapers found that:

...Britain takes fewer refugees, offers less generous financial support, provides housing that is often substandard, does not give asylum seekers the right to work, has been known to punish those who volunteer and routinely forces people into destitu-

tion and even homelessness when they are granted refugee status due to bureaucratic delays. (*Guardian* 1/3/2017)

All this is designed to make Britain a less attractive proposition for refugees. But in addition the Home Office is trying to make it as difficult as possible for EU residents to remain. Applicants are faced with an 85-page form to fill in, which has been described as being of Kafkaesque complexity. Those who don't fill in everything 'correctly' get a letter which states: 'As you appear to have no alternative basis of stay in the United Kingdom you should now make arrangements to leave. If you fail to make a voluntary departure a separate decision may be made at a later date to enforce your removal.'

The objective is clearly to spread alarm among those who want to stay in the UK and by implicit threats to get them to self-deport. Indeed that is what is happening, with EU workers already leaving Britain in large numbers. They are not being replaced by new EU immigrants, leading to labour shortages and a threat to the NHS. Already the number of EU nurses coming to Britain has declined by 92% since June 2016. There are nearly three million EU citizens living in the UK, nearly all of them working, and many having been here for years. Among them, for example, are 31,000 academics, all of who face an uncertain future. Of course they are generally not among the most threatened or imperilled by a possible eviction from Britain. But it is an example of the irrationality of extreme-right Tory immigration policy. Even from the objective viewpoint of British capitalism, the presence of such a cohort of Euro-

pean academics is a major plus, and enables and cements British participation in pan-European scientific projects which often have significant business spin-offs.

On 8 March the government organised a mass deportation of 42 people to Jamaica. The legal magazine *The Barrister* pointed out that:

- Some of the people removed have lived in the UK for nearly their whole life.
- Many left children, partners and wider families behind.
- Some have asylum claims and fear for their lives on removal.
- Many had legal cases pending. Deportation will stop them from accessing their rights.
- Many could not afford to pay the huge legal fees to regularise their stay.

People who were deported on this flight explained their terrifying experience to *Vice* magazine<sup>2</sup>. Nearly 150 people from Jamaica have now been deported since September 2016. Jamaica is also preparing for mass deportations of its citizens from the US under Trump.

An ICM survey published by the TUC on 17 March reported a big upsurge in the experience of racism by Black, Asian and minority ethnic (BAME) workers since the Brexit referendum. It said that:

- 1 in 5 BAME people (19%) have suffered or witnessed racial assault
- 2 in 5 (41%) have heard racist remarks or opinions
- 2 in 5 people (38%) have seen racist material online
- 1 in 4 (27%) have seen racist graffiti, posters or leaflets

This, of course, is the subjective experience of BAME people. But this subjective experience reflects objective facts. Racism from above and racism from below have

sharply increased since the Brexit vote. Not surprising since – obviously – anti-immigrant xenophobia was a significant factor in the Brexit victory.

## HARD BREXIT PLAN

Brexit is deepening Tory austerity plans. On 14 February, Tory chancellor, Philip Hammond, warned the European Union states that if Britain didn't get the trade deal it wanted and was forced into 'hard Brexit', it would radically change its 'social model', in order to attract foreign investors. This would include a massive reduction in business taxes and an attempt to further push down wages. Former Tory premier John Major was among those who pointed out that such a plan would result in a collapse of our present (much reduced) welfare state. A hard Brexit social model will be directly at the expense of the living standards of working people.

Already Brexit is having negative consequence for living standards, as the sharp decline of the pound pushes up prices. (It has had particularly negative consequences for Brits who live in Europe and who depend on pensions or salaries paid in pounds -like many of the hundreds of thousands who live in Spain, who have seen their income go down by 15%+). In fact, the government is preparing for a hard Brexit by trying to create a huge government reserve fund to fight off speculator attacks on the pound and damage to tax returns. This is part, but only part, of the current attacks on welfare spending across the board. It's true that the Conservatives have been undermining the welfare state since coming to power in 2010. But the UKIPised Tories, post-Brexit, are savagely deepening this.

Ongoing attacks include the gross underfunding of the NHS, a sharp reduction of the finance to non-academy schools that could see thousands of teachers made redundant in the next two years, an edict which effectively bans councils from further building of social housing, the ongoing witch hunt of disabled people, crashing benefits across the board, and of course the savaging of council spending that has substantially squashed their ability to make much of a difference to the poor and disadvantaged.

We are not arguing here that Tory attacks on the welfare state and general hostility to the poor and oppressed were caused by Brexit. But rather that May's even more right-wing Brexitised cabinet, giving central positions to hard right-wingers like Liam Fox, David Davis, Chris Grayling, Amber Rudd and Damien Green, has intensified its drive towards ever more right-wing, anti-welfare state solutions.

## WORKERS' RIGHTS

The EU wasn't built to defend the rights of workers, far from it: but the way things stand at the moment British workers have a range of rights – sometimes just ignored by employers – that will disappear with Brexit. These rights are leftovers from the 'social chapter' period in the EU, overseen by Jacques Delors, a period long gone down the austerity memory hole. The point is that Labour's Commons attempt to amend the Article 50 provisions to defend these rights failed, making them potentially - and it should be said quite probably - victims of Brexit. These rights include the working time provisions which limit compulsory working hours to 48 a week; time-off provisions that make it compulsory to take a minimum of 48 hours off work per fortnight and

a rest time of at least 11 consecutive hours (12 hours for young people) every day; annual paid leave; maternity rights and parental leave; anti-discriminations measures and compensation for discrimination victims; a range of health and safety provisions and protection for agency workers.

Those who supported Brexit could argue that abolishing these measures was not what the majority of Leave voters voted for. But going out of the EU in the current context opens up the severe danger that this is indeed what they will get. When Britain goes out of the EU all these workers' rights will automatically lapse. To get on the statute book again, they will have to be re-enacted, providing infinite opportunity for the Tories to claim they are 'outdated' and incompatible with a 'flexible' economy – the kind of low wage, low-tax, de-regulated economy that Philip Hammond is threatening. If the Tories merely intended to transfer the EU's workers' rights provision into British law, then why didn't they just accept the Labour Commons amendment on this? Their failure to do so is extremely ominous.

## BREXIT THREAT TO THE ENVIRONMENT

The same thing holds true for Britain's regulation of the environment. A raft of environmental laws and regulations exist because they are requirements of EU membership – about 70% of all environmental regulations, which will now fall when Brexit is enacted. In particular Britain has been required to make progress on renewable energy, recycling, animal welfare, clean air and clean coastal water because of EU directives. There is no proof that the Tories will not simply incorporate present EU regulations

and targets into British law, but it seems at best unlikely. Especially as Britain has already been in a battle against new anti-pollution, clear air targets that the EU wants to impose. And a desire for trade deals with the United States which has very different regulations could mean ditching EU rules, for example by accepting chicken washed in chlorine and beef pumped full of hormones.

## HUMAN RIGHTS

There are two distinct areas of human rights connected with Brexit – the European Charter of Human Rights and the European Court of Human Rights, which theoretically protects the implementation of the Charter. The Charter contains legal requirements and ‘principles’ that have no legal status – most social and economic ‘rights’ are just unenforceable ‘principles’. Technically the Charter and the Court are not directly linked to the EU. It could be possible for a Brexit Britain to remain in both, but May has announced that Britain plans to leave the European Charter, and without membership of the Charter, the Court would have no powers in the UK. The reason for Tory displeasure is clear: the Court has made uncomfortable decisions that enraged the Brexit right on homophobia, child protection, deportations, torture and freedom of the press. The European Court – and the threat of going to it – has acted as a final arena for human rights campaigners to challenge egregious decisions of the British courts. In today’s context, its absence from the British legal system would mean a weakening of legal checks on the rich and powerful.



## WHO VOTED FOR BREXIT?

Socialists are not big fans of plebiscitary democracy. The referendum has a spectacular history of being used for reactionary purposes by authoritarian governments that have control of, or big support among, the media. Louis Napoleon's 1851 'Eighteenth Brumaire' coup was sanctioned by a big referendum victory, as was 'Anschluss' – the forced incorporation of Austria into Germany in March 1938.

Turkish president Erdogan, having closed down all opposition media and imprisoned many democrats and Kurdish activists, is now holding a referendum to sanction his new authoritarian presidential constitution. The sanctity of the Brexit referendum being claimed by the Tory right and UKIP is of course completely hypocritical: Nigel Farage was careful to point out that if the Remainers won by only 52% to 48% (the exact figures he used) the vote could not be considered definitive. But 52% for Brexit must be, of course, definitive for all time. The breakdown of the 2016 referendum vote by age and gender is very telling. Among both men and women you only get a Brexit majority in the over-50s. Men in the 18-24% group voted 61% for Remain and among young women in the same group it was an astonishing 80% for Remain. Sixty one percent of men over 65 and 66% of women over 65 voted 'Leave'. Doubtless the youth vote was not a strong vote in favour of the EU as an institution, but a vote in favour of 'Europe' as a social category, that is, for internationalism as opposed to nationalism.

While millions of the comfortable petty bourgeoisie in the shires voted 'Leave', of course there was a big Leave

vote among sections of the dispossessed working class, particularly in de-industrialised and former coal mining areas. Still it was a reactionary vote. In tracking down key indicators, polling company Nesta found a strong correlation between a Brexit vote and utterly reactionary views on social questions. Stian Westlake their Head of Research says:

If you look at someone's class status and their income, and you try and use that to guess whether or not they voted Remain, it turns out it's not that much better than guesswork. It gives you around 55% accuracy, and obviously a guess would give you 50% accuracy.

However, if you look at attitudes to questions such as, "Do you think criminals should be publicly whipped?" or "Are you in favour of the death penalty?" - those things are much better predictors, and you get over 70% accuracy.

The point is that although the underlying reason behind someone voting for Brexit might be a vaguely class resentment against the 'elite' that doesn't care about them and has abandoned them, it is still a politically reactionary vote, because it accepted the case that immigration was the key to the plight of working class people in their communities. Xenophobia and nationalism is deep in the Brexit vote, but it's topped out with a huge chunk of racism. This is not something new: you could see it clearly in the regional pattern of voting in the 2009 European election when UKIP won 17% of the vote. But there's one factor that's very important and easily missed because it is

counter-intuitive. While the majority of Labour constituencies voted for 'Leave', the majority of Labour voters did not. Estimates of Labour's Remain voters vary between 64-67%. Many of these voters doubtless would have been happy with a more determined anti-Brexit line from the Labour leadership. Moreover there is growing poll and anecdotal evidence that there is a significant shift among Leave voters: four per cent of them said Brexit was the worst event of 2016. Leave voters are much more likely to have changed their mind than Remain voters.

## IN ENGLAND'S 'GREEN AND PLEASANT LAND'

For the Left in most of the 20<sup>th</sup> century, and for most political analysts, English nationalism has been a minor cultural curiosity, either synonymous with British nationalism or a trifling oddity on a par with Cornish nationalism. But in the last 20 years the rise of a distinctly English nationalism has been evident: you can see in the widespread use of the Cross of St George by nationalists rather than the Union Jack— it seems to have come to the fore during the 1996 Euro soccer competition. Any in many ways the Leave vote on Brexit was an indirect expression of this English nationalism. Two features of this ideological twist are obvious: a) English identity usually carries the connotation 'white' b) English nationalism is directly counterposed and hostile to Scottish and Irish nationalism, which it rightly sees as a threat to the English ascendancy in the United Kingdom.

At least since the Act of Union it hardly seemed relevant to distinguish English and British nationalism be-

cause English dominance was closely woven into the fabric of Britishness – except of course in Ireland. The signs and texts constitutive of British national identity were distinctly English – Agincourt, Trafalgar, the monarchy (since James VI), fish and chips, warm beer and of course cricket: the England cricket team always incorporated Scottish and Welsh players without distinction. Insofar as distinct Welsh and Scottish identities were recognised, it was more or less as subordinate cultural identities within a unitary and English-dominated ‘nation’. The political dimension of English nationalism started to become evident during the debate on ‘the West Lothian Question’ during the run up to the establishment of the Scottish parliament in 1999. Right-wing Tories argued that if English MPs at Westminster had no say on some domestic Scottish issues, Scottish MPs should not be able to vote on domestic ‘English’ issues. The difficulty of deciding what might be a purely ‘English’ question effectively scuppered the West Lothian line of attack.

The political differences among the different components of the United Kingdom have long been evident. The post-war Labour government relied on huge majorities in Scotland and Wales: after the First World War, the Conservatives enjoyed a permanent majority in England. The Six County statelet in the north of Ireland has in the same period been divided between different faces of Irish nationalism and Unionism, an ersatz Britishness that has at times veered towards a sort of Unionist nationalism. But now there is the emergence – partial and blurred to be sure – of a distinct ideological divide between Englishness and Britishness. Look for example at the national self-def-

inition among Afro-Caribbean and especially Asian communities. Many people, especially among the youth, will define themselves as 'British-Asian' or 'Pakistani-British' or 'British-Caribbean'. But hardly anyone from Afro-Caribbean or Asian backgrounds will use the term 'English' as part of a composite cultural-national identity. Because 'English' is associated with white exclusivity and the Cross of St George, with the English Defence League, boisterous English football fans and nostalgic, older and more reactionary sections of the white middle and upper classes.

This account of contemporary English nationalism will be challenged by some who will say that England is not just the doings of imperial generals and Battle of Britain pilots, of Churchill and Burke, but also of John Ball and the Levellers, of Mary Wollstonecraft and Tom Paine. But where will you find this history of radicalism in contemporary English nationalism? British nationalism in the 19<sup>th</sup> and 20<sup>th</sup> centuries was always the reactionary nationalism of what was for a long time the world's most powerful imperialism. The mutation of that nationalism into a more specifically English variant doesn't make it any less reactionary. The replacement of the bloody butcher's apron with the flag of St George is only a sign of the rise of reaction as the United Kingdom heads for hard Brexit and the eventual independence of Scotland and unification of Ireland.

## WHY WE FOUGHT FOR REMAIN

There is absolutely no principle which obliges socialists to be in favour of a capitalist single market as opposed to capitalist autarchy. During the 1975 referendum, most socialist organisations fought for a ‘no’ vote to British membership, in the case of the organisation I was in (the IMG) it was behind the slogan, ‘No to the capitalist Common Market, yes to a United Socialist States of Europe’. But in principle we are neither protectionists nor free traders. The EU is no less capitalist now than it was then, no more democratic, and indeed together with the IMF, it has been complicit in enforcing vicious austerity on Greece, Italy, Spain, Ireland and (less successfully) Portugal.

In my view there were three related reasons for voting Remain.

First, each election and referendum has to be judged concretely and not on the basis of abstract principles. This referendum was the mechanism of a right wing coup, under the leadership of the Tory right and UKIP. Full stop.

Second, the referendum was the vehicle of a wave of anti-immigrant xenophobia and racism.

And third, concretely Brexit means an assault on the living standards of the working class. Brexit is going to pump inflation into the system as the pound sinks and indeed already has, as wages are held down. Brexit is going to target the last vestiges of the ‘social Europe’ protection for workers. Brexit is going to hit employment in manufacturing industry as the country’s main manufacturing customers imposed tariffs. And Tory Brexit presupposes a model for the economy of cheap labour, deregulation and ultra-

low corporate taxes to (attempt to) attract foreign capital.

Put together, this is a massive reactionary agenda. The workers' movement and the left should be doing everything possible to obstruct it.

## YOUNG REMAINERS

At the 12 June 2016 London meeting advocating a 'Left Brexit' (Lexit) Tariq Ali bemoaned the fact that it was very hard to convince young people of the Brexit case, something he put down to the false information about Europe given by the media, who he claimed picture it as a social and green paradise (which is a likely story, but anyway). Exit polls quoted above showed indeed a huge majority of young people in favour of a Remain vote – an astonishing 80% of 18-24 year old young women and 61% of men the same age. But the huge vote among young people for Remain is not so hard to understand. Whatever young people did or did not know about the European Union, one thing is clear about them – they overwhelmingly support multiculturalism and reject racism. And they understand perfectly well that Nigel Farage and his clones in the Tory right champion nationalism and xenophobia for fundamentally racist reasons. That's why the mass demonstration against Brexit on 25 June last year, two days after the referendum was so young and disproportionately female. The basic instincts of the young Remainers are fundamentally correct. But there is a problem.

Right-wing Labour and Liberal politicians know that there is, because of Labour's weak response, a political vacuum of militant opposition to Brexit that they can exploit. Indeed the Liberals had a very organised contingent

on the 25 June demonstration, but most of the Left were absent. Without the emergence of a significant left wing anti-Brexit force, there will be a price to be paid in terms of the political evolution of these young people. The anti-Brexit youth have of course grown up with the right to freely travel to Europe and to experience Europeans their own age coming to the UK in droves. They think it's a good thing that promotes internationalism and anti-racism. It obviously is. The people on the 25 June demonstration were very much the same kind of young people who dominated at the demonstrations over Donald Trump's inauguration. Not surprisingly most of them spontaneously see a connection between the Brexit vote and Trump's electoral victory. That's because there is one: both are part of the same right-wing trend in world politics.

There is something really strange in the attitude of some left-wingers towards working class voters for Brexit. In France, there are millions of working class people who vote for the ultra-reactionary Front National. This is especially true in the former industrial areas of the Pas de Calais and the run-down former 'red belt' suburbs of Paris. But it seems that no one on the British Left doubts that this is a completely reactionary racist and xenophobic vote, albeit one protesting what neoliberalism has done to those communities. Equally the motivations of millions of working class Trump voters in the Mid-West 'rustbelt' areas of the United States are doubtless similar – often a protest vote against being abandoned by the rich elite and the government, who are oblivious to the suffering and poverty in the centre of the world's richest country. But few I suspect would claim there was anything progressive about voting



for Trump. Or indeed would deny that it was a reactionary vote for racist and xenophobic solutions.

But when it comes to the EU referendum, which was won for Leave on the basis of anti-immigrant xenophobic nationalism, the same criteria do not apply. On the contrary, detailed searches are made for something progressive in the Brexit vote, described by one prominent Left leader as ‘vaguely democratic’ in wanting to ‘take back control’ of ‘our’ own nation. As if ‘taking back control’ were not directly linked to the notion of taking back control of borders that are ‘too open’ to immigrants and ‘taking back control’ from institutions that are indeed – foreign.

## POLITICS OF FREE MOVEMENT

Left-wing Remainers championed the free movement of labour in Europe. But free movement was challenged from within the Left. Richard Johnson, an academic at the London School of Economics, argued the following:

In the context of the EU referendum, I argue that there is a strong case to be made from the Labour Party’s perspective against EU free movement and, therefore, EU membership. In particular, the policy of unregulated economic migration within the EU should be rejected because of its disproportionately negative impact on low-skilled British workers and on non-EU British immigrant communities.

Certain forms of immigration can make a very valuable contribution to a national economy. It can be good for economic growth and can at-

tract dynamic, hard-working, innovative people into the labour force. However, immigration can also depress wages, place pressure on services, and engender community tension. It is very lazy and wrong to pretend otherwise — on one side or the other.<sup>3</sup>

This viewpoint was made explicit by the Socialist Party's Clive Heemskerk:

The socialist and trade union movement from its earliest days has never supported the “free movement of goods, services and capital” – **or labour** – as a point of principle but instead has always striven for the greatest possible degree of workers’ control, the highest form of which, of course, would be a democratic socialist society with a planned economy. ‘It is why, for example, the unions have historically fought for the closed shop, whereby only union members can be employed in a particular workplace, a very concrete form of “border control” not supported by the capitalists. The organised workers’ movement must take an independent class position on the EU free movement of labour rules that will be raised in the EU negotiations.’<sup>4</sup>

These are not uncommon arguments: regrettably some of the left-wing candidates in the upcoming French presidential election use similar arguments. It basically comes down to the line that immigration is being used to under-

mine local wages or push local residents out of employment. These arguments have also been used by the right-wing think tank Immigration Watch, the *Daily Telegraph* and, of course, Nigel Farage.

In the first place the ‘immigration lowering wages’ argument is not supported by the facts. Jonathan Portes, of the National Institute of Economic and Social Research, writes that:

...the idea that immigration is the main or even a moderately important driver of low pay is simply not supported by the available evidence. Politicians who claim the contrary are either so obsessed with immigration that they are blind to more important issues - or they are merely trying to divert attention from their failure to propose policy measures that would actually make a meaningful difference to the low paid.

A very detailed report by the LSE’s Centre for Economic Performance states:

...the areas of the UK with large increases in EU immigration did not suffer greater falls in the jobs and pay of UK-born workers. The big falls in wages after 2008 are due to the global financial crisis and a weak economic recovery, not to immigration.

– There is also little effect of EU immigration on inequality through reducing the pay and jobs of less skilled UK workers. Changes in wages and jobless-

ness for less educated UK born workers show little correlation with changes in EU immigration.

- EU immigrants pay more in taxes than they take out in welfare and the use of public services. They therefore help reduce the budget deficit. Immigrants do not have a negative effect on local services such as crime, education, health, or social housing.<sup>5</sup>

The most important way of stopping the super-exploitation of immigrant labour is to have a living wage as the national minimum, effectively enforced (which often the national minimum wage is not). Clive Heemskerk's view on the closed shop is of course completely correct, but fighting for a closed shop at enterprise level is not the same as supporting racist immigration controls. Finally, and most importantly, the arguments about free movement of labour are being used, first and foremost, not to regulate the labour market, but to keep out asylum seekers and refugees. The free movement of labour debate is really about immigration.

## ARTICLE 50

Last November Jeremy Corbyn did *not* say Labour would put forward its amendments and then vote for launching Article 50 even if those amendments were defeated. Not at all. He said there was a 'bottom line' for Labour in order to get Labour's vote for Article 50:

Jeremy Corbyn told the *Sunday Mirror* that Labour's "Brexit bottom line" would require guarantees for access to the EU's single market for exporters, con-

tinued protection of workers' rights, safeguards for consumers and the environment and pledges that Britain would make up any loss of EU capital investment. (*Guardian*, 5 November 2016)

By the New Year this was no longer a 'bottom' line. This change was very unfortunate, to put it mildly. Labour had every right to say the EU referendum left the conditions for Brexit open. It was quite right to wage a fight over the conditions of launching Article 50, and a significant fight does not take place if you announce in advance that you will vote for Article 50 come what may.

When shadow Brexit Secretary Keir Starmer spoke in the House at the opening of the Article 50 debate, the Tory right must have been sniggering inwardly. Waxing eloquent on the democratic nature of the referendum, Starmer gave the Tories an assurance that Labour's amendments were basically just making the record. The only real argument against Corbyn maintaining his November 'bottom line' position is that it would have been seen as 'undemocratic' and Labour would have paid a high electoral price in constituencies that voted Brexit. But that assumes that all Brexit voters are equally adamant on a 'get out whatever the consequences' position. There is, of course, a hard core that say this and they are frequently on TV. Frankly nothing will reconcile most of this minority to Labour under Corbyn. Probably they were going to vote against Labour whatever position Corbyn took on launching Article 50.

## LEXITEERS

It has to be said that the views expressed here are not held by significant sections of the Left who consider that it is ‘eminently sensible’ to fight for a ‘People’s Brexit’. Regrettably this is not on offer and far from being eminently sensible is just day-dreaming. The first duty of socialists is to face reality as it is, not how they would like it to be. The Brexit on offer is a right-wing, reactionary Brexit imposed by the xenophobic, ultra-nationalist right wing. We should fight it every inch of the way.

At the end of a long period of defeats for the working class, some sections of the Left have, over time, effectively given up – and moved to the right or out of politics. Others have responded by holding on to what they learned in the 1970s and 80s, or even earlier, failing to deal with substantial changes in both the infrastructure and ideological superstructure of world capitalism. So it was with the EU referendum when notable sections of the Left were content to repeat that the EU is a ‘bosses’ club’ – as if that solved everything and automatically orientated the Left on how to vote. By taking the position they did, large sections of the Left lost the opportunity to firmly take the lead in the fight against resurgent nationalism and xenophobia.

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## NOTES

- 1 Right Wing England, published in the SSP magazine, *Frontline*, no 14. Available at <http://www.marxsite.com/right-wing%20england.htm>
- 2 [https://www.vice.com/en\\_nz/article/mass-deportation-to-jamaica](https://www.vice.com/en_nz/article/mass-deportation-to-jamaica)
- 3 <http://blogs.lse.ac.uk/politicsandpolicy/labour-should-not-be-the-champion-of-eu-free-movement/>
- 4 <http://www.socialistparty.org.uk/campaign/EU/EU/23490>
- 5 <http://cep.lse.ac.uk/pubs/download/brexit05.pdf>

