
WHEELWRIGHT LECTURE 2014

WHOSE CRISIS? CAPITAL, LABOUR AND THE STATE TODAY

Leo Panitch

I am honoured to be giving this lecture in honour of Ted Wheelwright, with whom I feel a strong personal affinity even though we never actually met. Apart from his pioneering work on MNCs and capitalist globalization, on reading Frank Stilwell's obituary of him in 2007 I was especially impressed that he was not only 'an intellectual of unashamedly socialist convictions,' but also that this did not deter him from driving a big old Mercedes on the grounds that this was the only car he could 'fold his tall legs into'¹. I have myself used this excuse for bourgeois behavior, most pointedly by getting the sponsors of tonight's lecture to pay the airline's charge for a seat with extra legroom on the long flight over here. So to sing for my seat, so to speak:

The news this summer that Europe is now registering zero growth while Japan's has declined precipitously and the BRICS growth has slowed considerably suggests that the small signs of an 'improvement in the global economy' which G20 Finance Ministers and Central Bank governors detected at their February 2014 meeting in Sydney have proved chimerical. US media pundits and stock market speculators are anxiously looking to see whether 2015 will interrupt the American recovery. Some are even asking whether we are facing something like 1937-8 recession, which occurred after all the main measures of the New Deal were in place eight years after the October 1929 stock market crash.

¹ Frank Stilwell, *Obituary: Ted Wheelwright, 1921–2007*, *Journal of Australian Political Economy*, no 60, December 2007.

If you start counting in early 2007, with the crisis in the US mortgage market, then 2015 will bring us to the eighth year of the first great economic crisis of the 21st century. If we are looking to see what similar event triggered the current crisis, we need to go back well over a year before the collapse of the Lehman Brothers investment bank to the bankruptcy in April 2007 of New Century Financial, the second largest purveyor of mortgages in the US. It was this event which led to the liquidity crisis in the US commercial paper market, whose global effects were seen when the major French bank, Paribus, proved unable to make payments on its investment funds three months later. By 2008, real GDP already declined in France, Ireland, Italy, Japan, Sweden, the UK and the US; and by 2009 world GDP declined for the first time since the Great Depression.

The events that triggered the crisis were closely related to its underlying cause, the volatility of finance in contemporary global capitalism. The crisis was certainly not caused by over-accumulation in the traditional Marxist meaning of that term, as measured by a structural decline in profitability. Nor, despite widespread expectations that the US balance of payments deficit would inevitably lead to a run on the dollar, bringing about a global economic crisis, was this actually what happened. Far from being ephemeral, financial markets, for all the speculation that attends them and the asset bubbles they produce, act as the blood stream of capitalist production, distribution and exchange -- all the more so in the era of globalization. We have witnessed in recent decades an ever-deeper structural connection between finance and production, and between workers incomes and consumption. World trade itself, and the globally networked production and distribution systems that fuel it, became organically linked to derivative trading in volatile financial markets. The development of derivatives in the 1970s met the hedging needs of exporters and importers in flexible exchange markets. The expanded use of derivatives provided insurance via the new futures markets against price and cost fluctuations in the new global value chains. The pioneering work on this done by Dick Bryan and Mike Rafferty of the University of Sydney's Political Economy Department has made an enormous contribution to our understanding of this.²

2 Dick Bryan and Michael Rafferty, *Capitalism with Derivatives*, London: Palgrave, 2006.

The derivatives on which the subprime mortgage market was built were the means through which that most basic of human needs – housing – could be accessed as a commodity by a very great many people. An important study the US Treasury prepared for Congress during the Clinton administration on the strengths and weaknesses of the US financial system proudly claimed: ‘Today, pension funds, insurance companies, banks, and mutual funds -- and not only American ones, but also many financial institutions and investors based abroad -- hold mortgage-backed securities in their portfolios. Mortgage borrowers are the beneficiaries of what amounts to a global competition to lend to American home buyers.’³

Home purchase loans to low-income people grew even more during the Bush administration. This was hardly surprising given that the local linchpin of the Republican Party is the real estate industry. It seemed that every shyster in the country was now allowed into the business of getting poor people houses through pushing subprime mortgages. As documented by the Congressional Financial Crisis Inquiry Commission, between 2000 and 2007 in Florida alone 10,500 people were licensed as mortgage brokers who had criminal records, including over 4,000 who had previously been convicted of fraud, bank robbery, racketeering and extortion.⁴ But it should be recalled that it was also the most progressive members of the US Congress who called for the low interests rates that attracted so much of the world’s capital into the US subprime market in these years. When Alan Greenspan temporarily raised interest rates in 2000, even the President of the New York Federal Reserve, William McDonough, not normally identified as a friend of the working class, argued that this would be taken as evidence that ‘what we believe in is not price stability but a differentiation in income distribution that goes against working people’.⁵ It was the integration of US workers into capitalist finance that largely allowed them to maintain their standards of living, even as the distribution of income moved decisively against labour with the historic defeats suffered by US trade unions in the 1980s.

3 Robert Litan, *American Finance for the Twenty-First Century*, Washington, D.C.: Brookings Institute, 1998, p. 67.

4 *The Financial Crisis Inquiry Report*, New York: Public Affairs, 2011, pp.13-14.

5 Stephanie Bell-Kelton, ‘Behind Closed Doors: The Political Economy of Central Banking in the United States’, *International Journal of Political Economy*, 35:1, Spring 2006, p. 19.

But this is a system that is prone to crises. No hidden hand is there to sustain equilibrium in a world where Harvard educated shysters occupying the upper rungs of Wall Street in New York were creating the financial instruments which allowed the low life shysters on Main Street in Duneden, Florida to push mortgages on people whose incomes, and thus their ability to pay even the interest on their loans, derived from precarious jobs. As the subprime market collapse cascaded through 2007 and into 2008, the effects not only on the banks' bottom lines but also on GM's automobile sales led to the ominous fall of 2008. By 2009, as trade credits threatened to dry up, global exports decreased by an unprecedented 11.3 per cent (the only previous postwar fall, during the 1975 energy crisis, was by 2.9 per cent).

And so we entered the first great capitalist crisis of the 21st century, the fourth great crisis of capitalism after 1873-96, the 1930s, and the 1970s. But we need to note a number of things about the quite specific character of this crisis. First, it remains *not a crisis of capitalist profitability*. Indeed, one study released at the beginning of this year showed that over 80 per cent of the 1200 largest non-financial corporations are sitting on a huge cash pile of almost \$3 trillion, with Apple, Microsoft, Google leading the way, closely followed by Verizon and Samsung.⁶ What there has not been is the scale of private investment as would pull the system out the crisis. Yet, and this is the second distinctive thing about this crisis, *there has not been mass unemployment on the scale of the 1930s* when it reached 25 per cent in the US and 28 percent in Germany, levels which have now been largely confined to countries like Greece and Spain on Europe's periphery. Third, and most significant, is that this crisis *has not led to a breakdown in capitalist globalization* of the kind that occurred in the 1930s.

This clearly has to do with the structural depth of capitalist globalization in comparison with the interwar period, but it was not something that was left to chance. And this is where the state comes in. It was a postwar illusion that Keynesians had provided states with the tools to prevent capitalist crises. But on the other hand, Marxist theories of crisis which failed to recognize state capacities to contain crises also proved illusory. The American Treasury itself made a clear distinction between how

6 Anousha Sakoui, 'Concentrated cash pile puts recovery in hands of the few', *Financial Times*, January 22, 2014

much it could accomplish by way of what it called “failure prevention” and what it could do by way of “failure containment”, and this is why the favourite self-designation of its insiders has been that of ‘firefighters’.⁷ The acronym of TARP for the US Treasury’s \$700 billion bailout program in the fall of 2008 could not conceal the fact that the state, far from being the enemy of the market, is ultimately responsible for keeping markets going.

Amidst all the loose conspiratorial talk about some sort of ‘neoliberal thought collective’ that was allegedly ready and waiting to use the crisis to even more fully implement its monomaniacal free market ideological project,⁸ the fiscal stimulus of 2009 – the largest-ever budget deficit in peacetime - is too often forgotten. Without it, the crisis we are still in would be known as the second Great Depression rather than first Great Recession. The subsequent turn to fiscal restraint was resisted by both the Treasury and the Federal Reserve and was largely dictated by a Republican Congress which, far from representing any ideologically-sophisticated, neo-classical school of Hayekian economists and pundits, rather represented very traditional Babbitt-style Main Street tax paranoia. This was, of course, coupled with barely concealed racist resentment of a Black president -- whose own ineptitude in dealing with the complicated and even bizarre political maze that is the US Congress had already led to the Democrats historic defeat in the 2010 Congressional elections. The contradictions in the internal structures of the American state in relation to ‘failure containment’ could also be seen in the limited way the federal stimulus operated. It not only had the effect of mainly counteracting cutbacks at state level, but there was a distinct lack of capacity in many federal agencies and departments, including even the Department of the Environment, to effectively spend the money allotted to them, let alone to directly create jobs.

The contradictions were much more visible in Congress’s opposition to the Treasury raising the arbitrary ‘debt ceiling’ on the bonds it issued. There was nothing entirely new in this. Back in the mid-1990s, Treasury insiders already despaired of Congress, even with a Democratic Party

7 See Litan, *op. cit.*, as well as Robert Rubin, *In an Uncertain World*, Random House, New York, 2003, and Timothy Geithner, *Stress Test: Reflections of Financial Crises*, New York, Crown Books, 2014.

8 Philip Morowski, *Never Let a Serious Crisis Go to Waste*, New York, Verso 2013

majority at the time, ‘cutting off the water to the fire department when the city is burning down.’ Yet this Congressional opposition had in every instance been overcome: as Robert Rubin put it, Congress’s resistance was ‘meant to oppose us without actually stopping us’.⁹ To say that was probably true even of most Republican Congressmen in recent years is not to minimize how harrowing the debt ceiling standoffs were for the Obama administration. Anyone listening to President Obama’s State of the Union address in 2013 -- with the awareness that the G20 finance ministers and central bankers summit meetings were soon to take place -- might have found the most telling passage was his chastising Congress for ‘conducting its business by drifting from one manufactured crisis to the next.’¹⁰ Yet the fact remains that Congressional resistance was once again overcome. And even if had not been, it is hard to believe the Treasury would not have found a way of avoiding any default on US government bonds. Global capitalist confidence in the Treasury’s capacity to do this was already seen during the 2011 debt ceiling saga when Standard & Poor’s actually downgraded US Treasury bonds, but the appetite for them, even at record low interest rates, far from abating, actually increased.

Of course, the US Treasury could not keep global capitalism going all on its own. This was something it had been acutely aware of ever since World War Two. Its sponsorship of the G10 in the 1960s, the G7 in the 1970 and the G20 after the 1997-8 Asian financial crisis reflected the continuing recognition of this.¹¹ When the leaders of the G20 were summoned to meet in Washington D.C. in November 2008, this was very much part and parcel of the Treasury’s ‘failure containment’ strategy and ‘firefighting’ role. With the ‘Commitment to an Open Global Economy’ that issued from this meeting, the G20 underscored ‘the critical importance of rejecting protectionism and not turning inward,’ and promised to ‘refrain from raising new barriers to investment or to trade in goods and services’. The second G20 Leaders’ Summit in London in April 2009 issued a ‘Global Plan for Recovery,’ which trumpeted a

9 Rubin, *In an Uncertain World*, p. 25.

10 ‘Remarks by the President in the State of the Union Address’ February 12, 2013 <http://www.whitehouse.gov/the-press-office/2013/02/12/remarks-president-state-union-address>

11 Leo Panitch and Sam Gindin, *The Making of Global Capitalism*, London: Verso, 2012.

combined \$5 trillion in combined global stimulus. But even this was not enough to spark the level of private investment necessary to exit the crisis quickly. Hopes that rising consumer demand and capital investment in the BRICS might offset the decline of both in the advanced capitalist countries soon proved illusory. And as the crisis of the euro exploded in 2010 (it was in fact very much on the horizon by late 2009), the states that became known as the 'PIGS' on the European periphery were trapped in a sovereign debt crisis without any control of monetary policy and exchange rates.

What these states were now subjected to -- largely at the insistence of what have traditionally been regarded as the most social democratic states of Northern Europe -- made the 'Third World' structural adjustment programs of the 1980s look pale by comparison. What they are still being subjected to can be measured by the OECD's 2013 Competition Assessment Review of Greece, which identified no less than 555 problematic regulations and 329 provisions that could be changed to foster 'greater competitiveness'.¹² Behind the northern European states' obsession with austerity lay the traditional logic of capitalist bond markets, coupled with how heavily laden were German, French and Scandinavian banks with loans to Portuguese, Irish, Greek and Spanish banks. Fiscal stimulus always aggravates the fears of bondholders and bankers that they won't be repaid, and austerity is mainly about restructuring public expenditure so that priority is given to repaying bondholders. The German Bundesbank has always expressed that logic, partly reflecting its 'ordo-liberal' conceptions that go back to postwar era, but mainly because the German export strategy is tied to currency stability.

The influence of the Bundesbank on the European Central Bank, and the way Congress limited the US Treasury's inclination for further stimulus measures, left the US Federal Reserve's quantitative easing monetary policy carrying a very heavy burden. The Fed has not been keen to bear this burden all alone. After 2010, Ben Bernanke has repeatedly expressed his concern that what the Fed was doing by way of loose monetary policy was being counteracted by fiscal policy at home and abroad. Apart from the Fed's low interest rates being the base measure for setting rates around the world, the Fed has acted as global lender of last resort. It

12 *OECD Competition Assessment Reviews: Greece*, OECD, 2013.

already opened its discount window to foreign banks in August 2007 after Paribus hit the wall, and it followed this by massively bumping up its currency swap programs with foreign central banks, all of which had the effect of giving about 7000 financial institutions easy access to US dollars. In the aftermath of the Lehman's collapse in 2008, the total outstanding dollar liquidity swaps reached nearly \$600 billion, and the ECB's swap dollar holdings alone reached \$170 billion.

With its subsequent Quantitative Easing programs, moreover, the Federal Reserve also became what has been called global *dealer* of last resort. Ostensibly directed at taking bad debt off the hands of US banks, the QE programs had the additional effect of supporting the asset side of core European banks as liquidity was transferred to them from US banks through interbank markets. Notably, what got lost in all of the media attention given to the Fed's notice that it might start tapering down QE was a critical agreement in October 2013 amongst the Federal Reserve, the European Central Bank, the Bank of Canada, the Bank of England and the Swiss National Bank to convert their temporary bilateral swap agreements into unlimited standing facilities.¹³ What the crisis of the euro has proved once again is the American state's unique position in terms of the stability of the dollar as a reserve currency, behind which lies the confidence of capitalists around the world in the US Treasury and its bonds as the "sound" (to use old bankers language) basis of value in global capitalism.

As the formerly highly-touted supranational system of European governance appeared more and more dysfunctional for the management of global capitalism, US financial authorities have grown increasingly frustrated. The US Treasury was intimately involved in European policy discussions, with Timothy Geithner phoning and even flying over to meet European finance ministers on 168 different occasions between January 2010 and June 2012.¹⁴ The US was not just imposing itself, it was in some senses being dragged into fractious European disputes by states who wanted Germany to allow the ECB to loosen up, while Germany

13 See Leo Panitch, Sam Gindin and Scott Aquanno, 'American Empire and the Relative Autonomy of European Capitalism' in *Competition and Class*, forthcoming 2015.

14 Jean Pisani-Ferry, 'Tim Geithner and Europe's phone number', *Bruegel*, 4 November, 2012 <http://www.bruegel.org/nc/blog/detail/article/934-tim-geithner-and-europes-phone-number/>

wanted the US to play the “heavy” in getting countries to implement austerity and ‘structural reforms’. Indeed, it was notable that Obama himself chaired the most fractious meeting of Western European leaders, which took place at the Cannes G20 November 2011, when Merkel broke down crying under the pressure she was under from some other leaders, saying it would be political suicide for her to agree to an ECB-adopted version of Quantitative Easing if she had not secured previous approval for this by the Bundesbank.¹⁵ It was only in August 2013, almost five years after the Fed itself introduced Quantitative Easing, that the ECB finally undertook to purchase, via a new Outright Monetary Transactions program, unlimited amounts of distressed government bonds, albeit not directly but from the private banks and in the secondary market.

Many of those who used to expect that a social democratic Europe would come to challenge a neoliberal American empire, signaled by the displacement of the dollar from its perch as the world’s sole reserve currency, now expect that this kind of challenge will come from the BRICS. It is obviously true that the BRICS are much harder to integrate than Western Europe or even Japan, not least given the absence of anything like the same military and intelligence linkages that have bound the latter into the US empire since World War Two. There were widespread expectations that -- with the great financial crisis having had its origins in the US, let alone the subsequent unorthodox ‘easy money’ policy -- the ‘exorbitant privilege’ of the dollar in the financial networks that previously linked the BRICS economies into global production and trade would be undermined. The leaders of Brazil, Russia, India and China -- who were not so naïve as to imagine the G20 would be the venue for overseeing the demise of the dollar -- held their own first summit meeting in Yekaterinburg in 2008. Joined by South Africa in 2010, they soon began hatching plans for their own international bank, autonomous from the US and the Washington-based financial institutions. And these plans were reinforced when the US Congress refused to endorse the larger vote for the BRICS in the IMF and World Bank agreed at G20 meetings. This was the background to the leaders of Brazil, Russia, India, China and South Africa announcing at their July 2014 meeting in Fortaleza that they were launching a “BRICS Bank” --

15 Peter Spiegel, ‘How the euro was saved’ *Financial Times*, 12 May, 2014
<http://www.ft.com/intl/cms/s/0/f6f4d6b4-ca2e-11e3-ac0500144feabdc0.html>
 #axzz3GzLsM1WN

which was immediately widely interpreted as a direct challenge not just to the IMF, but to the dollar.

Yet, the main reason for the continuing central role of the dollar has very little to do with the institutional structure of the IMF, or its much greater capitalization relative to what the BRICS Bank will muster. It primarily reflects the absence, even in Shanghai, where the new bank will be headquartered, of anything like the depth and range of the financial markets centered on Wall Street and its satellite in the City of London. And it is the ways in which these markets are, in turn, so deeply intertwined with the US Treasury and Federal Reserve that explains the latter's dominant role in global economic management. What is more, the room for manoeuvre the BRICS Bank would allow from the IMF is distinctly limited. Indeed, to obtain the full benefit of borrowing under the BRICS Banks' 'contingent reserve arrangement' would still be contingent on a country having an 'on-track arrangement' with the IMF. Indeed, this looks very much like the 2000 'Chiang Mai Initiative' arrangement for currency swaps among China, Japan, South Korea and ASEAN countries after the 1998-98 financial crisis, which was little used and proved largely symbolic. The alacrity with which the World Bank has welcomed the BRICS Bank also relates to the fact that its goals as a development bank look not very different from the resource-depleting, export-oriented economic strategies that have heretofore governed the emerging markets' participation in capitalist globalization, along the lines of Brazil's BNDES. Notably, just days before the BRICS meeting this July, the US and China completed talks on furthering ties between their economies and issued their first joint economic statement, announcing initial steps towards a bilateral investment pact as well as pledges by China to allow the renminbi's exchange rate to become more open to currency market determinations.¹⁶

Indeed it could be said, insofar as there is a crisis of US empire, it lies not so much in relation to its leading economic role in global capitalism, but in its role as global policeman. This can be seen in the contradictions the American state finds itself as it tries to balance its responsibilities for applying financial sanctions against so-called 'rogue states' with its responsibilities for superintending the global capitalist economy. It was

16 <http://www.bloomberg.com/news/2014-07-10/u-s-china-highlight-moves-on-yuan-investment-pact.html>

revealed this past August that the giant US consulting firm PricewaterhouseCoopers was in trouble with New York state regulators for helping Tokyo Mitsubishi Bank conceal transactions with Iranian clients. The application of these sanctions are overseen by the US Treasury, but they had been lifted in late 2008 to clear the way for the Tokyo Mitsubishi Bank to take a \$9 billion stake in Morgan Stanley, which at the time – in the depths of the financial crisis – was teetering on the brink of collapse.¹⁷ This sort of contradiction has been very visible throughout this year in the limited way economic sanctions have been applied to Russia over the Ukraine. The Ukraine’s slipping into the NATO embrace had been fostered, not by the Treasury itself, but by Cheney’s “neocon” appointees to the State Department, who remained in place under Obama, while Obama himself, as one observer pointed out even before the 2008 Presidential election, ‘though more skeptical than McCain or Clinton regarding war as an instrument of policy, nonetheless has preferred advisers [like] Samantha Power, who take a very enlarged view of the obligations of the West to spread [the] regime of universal rights by military means if necessary.’¹⁸ There has emerged a strange sort of alliance between new human rights imperialists, on the one hand, and old chauvinist imperialists still smarting from the outcome of the war in Vietnam. The difficulties of policing the world resemble on a larger scale the difficulties of policing at home, and the mess the US security and military apparatuses find themselves in policing the Middle East sometimes looks on a much larger scale like the mess made by the local police force in Ferguson, Missouri.

But none of this can be tied to the economic crisis directly. Nor do the military and security tensions between the US and Russia or with China portend the reemergence of anything like the old inter-imperial rivalry among capitalist states amidst this crisis. Almost everywhere (as seen not only with the Middle East but also with the Ukraine and Hong Kong), it

17 Ben Protess and Jessica Silver-Greenberg, ‘Bank Overseer PwC Faces Penalty and Sidelining of Regulatory Consulting Unit’, *New York Times*, August 18, 2014.

18 David Bromwich, ‘Diary: President Speak’, *London Review of Books*, 30:7, April 2008, On Cheney’s appointees at the State Department see Bromwich, ‘The World’s Most Important Spectator’, *London Review of Books*, 36:3, 3 July, 2014. For the best critique of the human rights imperialists, see Amy Bartholomew and Jennifer Breakspear, ‘Human Rights as Swords as Empire’, *Socialist Register 2004: The New Imperial Challenge*, London:Merlin, 2003.

is much more conflicts within states than between states that are most salient.

And here we finally come to the crisis of labour. The defeats trade unions suffered again and again for decades before the crisis could not be understood except in terms of the rippling effects of global proletarianization and precaritization amidst shifting sites and sectors of production and distribution. But these defeats were also rooted in the accumulating contradictions of the corporatist institutions in which trade unions in capitalist societies had become embedded long before this, as well as in the historic failures of communist and social democratic parties by the 1960s, both of which undermined labour's old promise as a transformative agency along with the loss of interest and capacity to engage in political education and mobilization. As attempts to revive a militant and socialist spirit were defeated in the 1970s, labour fell in with the type of strategy for national 'progressive competitiveness,' known as the Accord here in Australia, which proved complicit with neoliberalism in so many states.

The crisis of labour thus long predates the current economic crisis, and this is why trade unions, for the most part, have been so on their heels during the course of this crisis. This is why wages have remained stagnant even as unemployment declined in the past few years. This is also why there has been no great danger of inflation despite all the central bank pump-priming. Yet it is also why capitalist investment has remained so spotty, as the prospects for consumer demand, and the ability to repay consumer credit, can hardly be guaranteed when working class incomes are stagnating, let alone often falling. Social democratic parties, which had retained just enough of their working class base going into this crisis to block breakthroughs by new socialist parties that had emerged on the scene, have further revealed their bankruptcy as even reformist alternatives in this crisis. The breakthrough Syriza has made in Greece towards a new politics is very exciting. But it is at the same time sobering that this has been the only really significant electoral breakthrough by the left so far in this crisis. The rise of far right parties in Europe is a very dangerous reflection of this.

What then, to coin a phrase, is to be done? In a context when conventional economists are worrying over secular stagnation and advocating fiscal stimulus, the more radical case for massive public infrastructure building and direct public employment funded by bond

issues at low interest rates is not hard to make. Nor should it be hard to advance even more radical strategies centered around turning banks into public utilities as the first essential step towards democratic economic and ecological planning that will be essential to escape the twin crises we face, and for a more inwardly-oriented development that breaks with capitalist globalization. It certainly should not be hard to insist that protection is not a dirty word, as is implied by the epithet of 'protectionism'. What else should democratic politics be about than protecting people from the effects global capitalism is having on their lives? And unless the left can do this in an inclusive and solidaristic way, putting the stress on the need for capital and investment controls, and providing the space through struggles in one country for other countries to do the same, the far right will fill the void and offer to protect workers only against the 'others' who might compete with them for jobs.

The fact is that we do not in fact yet live in 'post-democracy', as so many dispirited social democratic intellectuals have suggested.¹⁹ There is plenty of room for debate, protest, mobilization and building new labour movements and socialist parties. On the other hand, it is important we not get hysterical and start predicting the "end of capitalism" in the hope this will help get the left past 'the stark choice between impossible reform and improbable revolution'.²⁰ This overlaps with the kind of environmentalism that tells us we have only 5 or 10 years left to prevent ecological catastrophe, which is often in fact demobilizing. And if a new fascism were really on the verge of closing the space that liberal democracy allows for freedom of association and free speech, then all forces on the left would be obliged to engage in popular-front style cross-class alliances to defend that space. This would severely restrain any new socialist strategy and mobilization until the threat was defeated. We should therefore be wary of unnecessarily frightening ourselves, while nevertheless carefully examining the nature, and monitoring the growing strength, of the radical right in the current conjuncture. We need time for long term mobilization, and for building the political organizations that are capable of putting the end of capitalism back on the human agenda. Growing popular support for the far right suggests that people will

19 Colin Crouch, *Post-Democracy*, Cambridge, UK: Polity, 2004.

20 David Harvey, *Seventeen Contradictions and the End of Capitalism*, New York: Oxford, 2014, p. 130; Wolfgang Streeck, 'How Will Capitalism End', *New Left Review*, 87, May/June 2014.

increasingly cling to whatever toe-hold they have within today's capitalism at the expense of 'others' within each state, unless they are offered new positive visions and mobilizing strategies for a democratic socialism that embodies labour's cooperation and solidarity rather than the promotion of competition as the basis of social life and international relations.

Leo Panitch is Canada Research Chair in Comparative Political Economy and Distinguished Research Professor of Political Science York University

lvpanitch@gmail.com

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