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WHAT'S *LEFT* OF THE 'END OF HISTORY'?

David Primrose

It was only three decades ago, coinciding with the ignominious collapse of the Soviet Union, that Francis Fukuyama (1989, 1992) polemically declared that humanity had reached the 'end of history': 'the end point of mankind's ideological evolution', marked by the universalisation of liberal democracy and capitalism as the 'final form[s] of human government' (Fukuyama 1992: xi). For Fukuyama (1992: 45), human history had been moving uni-directionally toward these forms of governance: '[t]he apparent number of choices that countries face in determining how they will organise themselves politically and economically has been *diminishing* over time' [emphasis in original]. With the cessation of the Cold War and apparent fall of Soviet-style Communism, Fukuyama thus reasoned that markets and liberal democracy had been established as the soundest foundations for social organisation. In turn, these forms constituted the political economic horizon for the rest of the world: all that remained was for 'backward' countries and regions to catch-up with the 'West' via globalisation (*eg.* Ohmae 2002; Friedman 2012).

Contrary to some simplistic misrepresentations of his thesis, Fukuyama was not asserting that historically significant events would never occur again, nor that outlier countries failing to conform to liberal democratic and market-based modes of governance would vanish. Rather, as Fukuyama (1989: 280) himself argued, 'it is not necessary that all societies become successful liberal societies, *merely that they end their ideological pretensions of representing different and higher forms of human society*' [emphasis added]. Epitomised by Margaret Thatcher's mantra that 'There

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'What's Left of the "End of History"?'
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is no alternative' ('TINA'), the 'end of history', thereby, postulated the 'end of ideology' and even the 'end of politics', by conflating 'both senses of "end", as a telos fulfilling itself and as an eliminating gesture' (Rancière 1999: 75; see also Wilson and Swyngedouw 2014; Žižek 2018a). Thus, as Rancière (2010: 8) posits, the potential embodied in utopian alternatives were deemed remnants of a bygone era, while the end of the Twentieth Century constituted 'the finally conquered age of realism':

The 'end of history' is the end of an era in which we believed in 'history', in time marching towards a goal, towards the manifestation of a truth or the accomplishment of an emancipation [...] The thinkers who have made it their specialty to remind us without respite of the [Twentieth] [C]entury's horrors also explain to us relentlessly that they all stem from one fundamental crime. The crime is to have believed that history had a meaning and that it fell to the world's people to realise it.

The purported inevitability of this prescription was contested on many fronts during the 1990s to early-2000s – from the Chiapas uprising in Mexico in 1994 to the 'Battle in Seattle' in 1999 and the associated alter-globalisation movement (Worth 2018), along with continued explorations of the communist alternative (eg. Dean 2018). However, the cocktail of markets and liberal democracy was subsequently institutionalised as the default horizon for mainstream political economic discourse.

Of course, Fukuyama's diagnosis of the post-Cold War world was always simplistic – a neo-conservative utopianism that disregarded the complex, contested, highly uneven political economic reality in which it was composed. Subsequent developments also highlighted the severe limitations of his prognostication – from the pervasive political violence and turmoil of the 1990s, later dubbed the 'decade of despair' (UNDP 2003: 2), to the September 11 attacks on the World Trade Centre, increasing geopolitical rivalries and the Global Financial Crisis (GFC). Yet, even if Fukuyama's claims exhibited even *some* degree of verisimilitude in the immediate aftermath of the Cold War, by the end of 2020, his triumphalism appears less utopian than positively archaic – as if composed in another world entirely. Contrary to Fukuyama's vision of a virtuous circle of capitalism and liberal democracy engendering pervasive peace and prosperity, the prospects for contemporary global capitalism now seem downright gloomy. Approximating the over-stuffed plot of a Hollywood disaster flick, the system has been plagued by persistent economic instability and mounting insecurity since the GFC; the growing influence of far-right populist parties and social movements in mainstream

political processes; pervasive race riots, militarism and state-sponsored violence; the extension of intrusive surveillance technologies into myriad areas of social life; burgeoning inequality and poverty within and between states; deepening problems of food and water insecurity; multiple humanitarian crises arising from insistent, bloody civil wars; the health and socio-economic chaos unleashed by the Global Coronavirus Crisis (GCC) – all taking place in the shadow of the immense and existential challenge posed by the looming global climate catastrophe. Such overlapping contradictions and crises – far from being exceptional or running contrary to the otherwise smooth functioning of capitalism – are emblematic of the perverse logic of an increasingly sick system (Robinson 2019).

As the most pernicious socio-ecological excesses of this political economic context have become increasingly apparent, the legitimacy and efficacy of extant ideological and institutional configurations has come under intense scrutiny. Some neoconservative and neoliberal commentators have stridently held fast to the broad thrust of the ‘end of history’ thesis and sought to reaffirm the political economic – if not moral – superiority of liberal democracy and capitalism (*eg.* Ferguson 2011; Ferguson and Zakaria 2017; Acemoglu and Robinson 2019; *cf.* Mishra 2020). Yet, more so than at any time since Fukuyama’s fanfaronade, the ideological closure attributed to the ‘end of history’ – the pervasive certainty that liberal democracy and capitalism marked the apotheosis of human civilisation – has been called into question. Indeed, even Fukuyama (*eg.* in Eaton 2018) has recently adopted a more idiotropic stance in distancing himself from his earlier claims: expressing concerns about the prospects for liberal democracy and positing that a variant of socialism ‘ought to come back’ as a means to preserve capitalism (see also Menand 2018; Fasting and Fukuyama 2021). More broadly, particularly in light of the ongoing GCC, progressive and radical scholars have reacted with alacrity to the maelstrom of recent events to presage a spectrum of potential openings for more propitious political economic alternatives (*eg.* Gindin 2020; Nelson 2020; *cf.* Primrose *et al.* 2020).

In this context, myriad liberal commentators have responded with alarm by writing of a purported ‘crisis of democracy’ in the West (*eg.* Levitsky and Liblart 2018; Runciman 2018). Yet, what has been increasingly rebuffed is not democracy *per se*, so much as prevailing liberal democratic, elite-dominated, state-centric forms of representation. Most obviously, the stifling post-democratic condition characterising Western political regimes

– marked by passionate defence of formal democratic norms and the *demos*, albeit hollowed-out by consensus on political economic fundamentals and the reduction of politics to techno-managerial management of the status quo (Swyngedouw 2018; Crouch 2020) – has beget often-violent insurgent activism and proliferating manifestations of discontent. Citing the absence of a recognised means to politicise antagonisms excluded from consensual public debate under prevailing liberal democratic arrangements, radical progressive and xenophobic-nationalist-identarian movements have sought to disrupt this order by publically staging their discontent. Thus, in the decade since the GFC, myriad anti-establishment movements – from Occupy and the Spanish *Indignados*, to myriad right-wing populist and secessionist coalitions, the *Mouvement des Gilets Jaunes* and Black Lives Matter – have begun to rekindle partisan conflict and the search for alternatives. That is, by removing the veil of inevitability of existing institutional and normative configurations, these movements may have revealed a tentative radical ‘space of indeterminacy’ (Mouffe and Laclau 2001) – opening-up opportunities for change without a distinct telos.

Most recognisably, the noxious impacts of four decades of neoliberalism on democratic processes, along with the need for substantive alternatives, has entered quotidian political economic debate. Within critical scholarly literature, neoliberalism – both as an intellectual project and at the level of political economic practice – has been pervasively criticised as a predominantly anti-democratic or de-democratising tradition.¹ For proponents of neoliberalism, democracy presents a potential spanner in the works of their radical constructivist agenda of (re)shaping social institutions and individual subjects according to an economic rationality in order to establish and maintain the preconditions for functioning markets (see Biebricher 2019; Callison 2019; Dardot and Laval 2019). Specifically, they fear that an unconstrained *demos* will coerce their political representatives to ‘intervene’ in markets, redistribute wealth, or cater to particular interest groups (see Cahill and Konings 2017; Irving

1 As demonstrated in the articles that appear throughout this special issue of JAPE, the literature examining the relationship between neoliberalism and democracy is enormous and diverse. However, especially pertinent recent discussions of the different manifestations of this relationship may be found in works such as Mirowski (2013); Ayers and Saad-Filho (2015); Biebricher (2015, 2019); Brown (2015, 2019); Konings (2018); Kiely (2017); Irving (2018); Olssen (2018); Slobodian (2018); Callison (2019); Dardot and Laval (2019); Bruff and Tansel (2020); Frankel (2020); and Son (2020).

2018; Biebricher 2019). The result would be a policy program of state ‘intervention’ perceived as simultaneously unjust (*eg.* progressive taxation or stronger environmental regulations constraining business activity) and threatening the foundational preconditions of market processes: free exchange, private property, and competitive discipline (Cornelissen 2020).

In turn, two general manifestations of the neoliberal attack on democracy may be readily identified (Cornelissen 2020). On the one hand, neoliberalism has discursively shorn democracy of its foundational principle as ‘rule’ of the ‘people’. Instead, it has been recast and diluted as a predominantly transactional arrangement – for instance, as a purely utilitarian means of electing governmental officials (Dardot and Laval 2019) or a ‘marketplace of opinions’ (Brown 2015; Nik-Khah 2020). On the other hand, because it is ‘skeptical of existing democratic arrangements’ (Biebricher 2019: 108), neoliberalism has promulgated a political rationality purging extant institutions and states of their democratic content. Bio- and psycho-political forms of governance, managerialism and competitive pressures have superseded relatively legitimate modes of accountability and participation (Han 2017; Olssen 2018). In both cases, by ‘quietly undoing basic elements of democracy’ (Brown 2015: 17) and ‘assigning non-negotiable limits to representative democracy itself’ (Dardot and Laval 2019: 33), the potentially radical content of democracy is expunged, leaving it incapable of launching alternative political economic projects. Thus, a hollowed-out vision of democracy cloaks the ways in which neoliberalism in practice – from austerity and privatisation to broader processes of financialisation – have favoured a minority of (domestic and transnational) class interests, while harming the well-being and preferences of the bulk of the population.

Conversely, it is also necessary to exercise some caution in casting neoliberalism as the *bête noire* of democracy. Briefly, there are at least four reasons why this is so. First, circumscribing analyses of neoliberalism to its anti-democratic implications alone overlooks the *internal diversity* of neoliberalism itself as an ontological project. Proponents of neoliberalism do not share a singular, unchanging set of positive doctrines, nor an abstract but uniform normative agenda of *laissez-faire* (Wilson 2014; Madra and Adaman 2018; Primrose 2021). Rather, there is a range of different orientations toward democracy: ranging from ‘minarchist’ proposals for constitutional checks to ‘anarcho-capitalist’ calls for eliminating representative government (Biebricher 2019).

Second, articulating neoliberalism and democracy as strict antinomies may engender a nostalgic and largely unrealistic reflection of the pre-neoliberal era as the *Belle Époque* of democracy. For commentators such as Sánchez Bermúdez (2012), Brown (2015, 2019) and Dardot and Laval (2019), the period since the rise of neoliberalism in the 1970s has constituted an epochal ‘crisis’ for democracy. It, portends a dystopic future of markets and cut-throat capitalism, while banishing the hard-fought democratic and welfare state structures of the post-World War II era. Yet, this depiction of a fundamental epochal shift turns a blind-eye to some of the serious class-, gender- and race-based oppressions, the militarisation of the industrial economy, and the continued imperial forays that sustained that post-War order (Baca 2017; Cahill and Konings 2017; Azmanova 2019; Son 2020).

Third, and relatedly, depictions of neoliberalism as a strict ‘crisis’ for democracy are often informed by a truncated interpretation of political economic history. Many commentaries implicitly accept democratic forms, institutions and behaviours as *preceding* political economic relations, thereby overlooking how capitalism has historically disfigured the character of contemporary democracy (Baca 2017). For instance, in extending its economistic rationality, Brown (2015: 9) posits that neoliberalism ‘assaults’ the ‘principles, practices, cultures, and institutions’ of democracy and closes-off the possibility of instigating alternative political economic projects by ‘cauterising’ its ‘more radical expressions’. Yet, this depiction of neoliberalism as a particularly malicious form of capitalism – undermining democratic values for the sake of economic processes – neglects that the radical potential of democratic practices and institutions has been ‘cauterised’ by the social structures of capitalism itself (Hobsbawm 2000 [1975]; Panayotakis 2020).²

Finally, neoliberalism has never been a project predicated on a straightforward process of de-democratisation. Mirowski (2013), for instance, contends that neoliberalism is predominantly authoritarian – committed to circumventing and undermining democratic institutions,

² While the democratic project initially appeared to embody a decidedly radical quality by the time of the 1848 revolutions in Europe, the extension and entrenchment of capitalism by the end of the Nineteenth Century saw European and North American ruling classes effectively conclude that it ‘would probably be a nuisance but politically harmless’ (Hobsbawm 2000 [1975]: 15). For instance, as Sewell (2014) demonstrates, the subsequent articulation of modern bourgeois democratic principles in post-revolutionary France was inexorably intertwined with the dissemination of the abstract logics of social domination unleashed by Eighteenth Century commercial capitalist development.

while cynically advocating market values as a deceptive strategy to legitimate extending state power in the interests of corporate and financial elites (see also Brown 2003, 2006, 2015). More recently, Brown (2019: 86) has gone further to contend that neoliberalism is actively hostile toward the idea self-rule by a people, such that ‘democracy is explicitly demonised.’ Yet, as commentators such as Kamat (2014), Konings (2018) and Swyngedouw (2018) have demonstrated, democratic norms and practices have been deeply implicated in securing and sustaining the affective appeal and electoral legitimacy of neoliberalism, even in the face of near-perpetual crisis. Far from undermining democracy *holus bolus*, neoliberalism has routinely sought to manage exclusion via inclusion – rolling back some of the more substantive social gains secured through prior democratic processes without eradicating formal democratic institutions themselves. That is, it has sought to leverage and sublimate some of the key institutional and ideological features of modern liberal democracies – from electoral politics to social programs explicitly seeking to augment empowerment and inclusion – in novel and historically specific ways to buttress the reproduction of capitalism (Cahill and Konings 2017).

Clearly, a capacious account of the complex interplays between neoliberalism and democracy is required: one that comprehends the variegated, contradictory relations between the two, both in theory and practice. Collectively, the articles in this special issue of the *Journal of Australian Political Economy* contribute to building just such an understanding and the intellectual and activist debates arising from it. Some draw attention to the many ways in which neoliberalism has played a pernicious role in hollowing-out and reconfiguring democratic processes. Concurrently, others highlight that it encompasses myriad positions on the function of democracy, and has regularly sought to *utilise* it, in order to establish, institutionalise and legitimise the preconditions for functioning markets. Some contributors effectively sound the death-knell for neoliberalism in light of the GCC and observe a tentative opening for alternative, progressive futures. Others see neoliberalism as far more entrenched and, thus, present a less sanguine vision of the future. Thus, rather than circumscribing how relations between neoliberalism and democracy should be understood by posting one position as ‘correct’, the authors – reflecting diverse cultural, institutional, paradigmatic and political backgrounds – make evident that grappling with this task necessitates an evolving political economic research agenda. As Oscar Wilde (2005 [1899]: 15) once suggested, ‘[t]ruth is rarely pure, and never

simple'. Hopefully, the pursuit of this 'truth' will continue to be pursued and expanded in the pages of *JAPE* and beyond.

In the contemporary crisis-ridden conjuncture, however, critically investigating relations between neoliberalism and democracy should also serve a strategic political purpose for the Left. Turning once more to the 'end of history' thesis, it is easy to deride the teleological current inflecting Fukuyama's polemic as little more than an ideological contrivance – the product of wishful thinking rather than careful analysis of the complexity of the global political economy. Particularly in the current context – which has once again revealed the complicity of neoliberalism and liberal democracy in driving the most existential challenges facing the global political economy – such a judgement is not entirely off the mark. Yet, somewhat ironically, Fukuyama's proposition does point to an uncomfortable kernel of truth about much progressive scholarship and social activism during recent decades: namely, that it has remained largely constricted by the perceived inevitability of the status quo. That is, the contemporary political economic horizon for many on the Left has remained overwhelmingly defined by the fact that it 'is easier to imagine the end of the world than to imagine the end of [liberal democratic] capitalism' (Fisher 2009: 2). As Fukuyama (1992: 46) himself argued:

In our grandparents' time, many reasonable people could foresee a radiant socialist future in which private property and capitalism had been abolished, and in which politics itself was somehow overcome. Today, by contrast, we have trouble imagining a world that is radically better than our own, or a future that is not essentially democratic and capitalist. Within that framework, of course, many things could be improved [...] We can also imagine future worlds that are significantly worse than what we know now, in which national, racial, or religious intolerance make a comeback, or in which we are overwhelmed by war or environmental collapse. But we cannot picture to ourselves a world that is essentially different from the present one, and at the same time better. Other, less reflective ages also thought of themselves as the best, but we arrive at this conclusion exhausted, as it were, from the pursuit of alternatives we felt had to be better than liberal democracy (Fukuyama 1992: 46).

At the end of 2020, this position continues to have particular resonance for the Left. The earlier downfall of Soviet 'communism' and rapid capitalist transformation of China continues to signify a crisis of the Left political imaginary (Noys 2014; Wilson and Swyngedouw 2014). As Žižek (2000: 324) has observed, 'today's predominant form of ideological "closure"

takes the precise form of a mental block which prevents us from imagining a fundamental social change, in the interests of a “realistic” and “mature” attitude’ – what Fisher (2009) labels ‘capitalist realism’. In recent decades, this ‘mental block’ has been exemplified in the inability of the Left to mount a consequential and sustained challenge to capitalism in the context of seemingly incessant instability and multiple existential crises (Dean 2014, 2018). Indeed, much recent Left rhetoric has posited that the GCC is ‘re-writing our imaginations’ so that ‘what felt impossible has become thinkable’ (Robinson 2020: n.p.; see also Nelson 2020). Yet, the effects of a ruinous global pandemic – to say nothing of those of the other existential problems discussed above – have failed to engender a coherent, effective case for decommodifying global health systems, adequately funding national welfare systems, or addressing skills shortfalls in essential services, let alone transcending neoliberalism (Primrose *et al.* 2020).

Instead, it has become commonplace to fetishise ‘democracy’ as the undisputed horizon that structures the political economic terrain for activism and social change. That is, as Žižek (2009a: 53) posits, ‘[l]iberal-democratic capitalism is accepted as the finally found formula of the best possible society; all one can do is to render it more just, tolerant and so on.’ To combat far-right populism and the crisis of (liberal) democracy engendered by neoliberalism, the Left has progressively emphasised recovering ‘democracy’ through resurrecting the growth and redistribution policy matrix informing the ‘golden age’ of post-War social democracy (see Azmanova 2019, 2020). Specifically, ‘democracy’ has been pervasively endorsed as both the *goal* and *means* to secure that goal: political democracy (collective decision-making settings such as parliament) provides the means to secure a democratic society (marked by inclusion, equality and liberty). In turn, by equating political democracy with *equality of citizenship* (rather than formal-legal equality), social justice – achieved through job creation and wealth redistribution – is articulated as a pre-condition of inclusive and equal (and, thus, democratic) citizenship (see Swyngedouw and Wilson 2014; Dean 2018).

Yet, this nostalgic gesture is an inadequate means for disruptively evoking the antagonisms that currently threaten capitalism. Specifically, it has led the Left into a strategic cul-de-sac: fighting for equality and inclusion as essential conditions for citizenship simultaneously validates the extant social order within which they are sought – namely capitalism (Dean 2014; Azmanova 2019, 2020). Thus, contrary to Brown’s (2003, 2006, 2015, 2019) diagnosis of neoliberalism as engendering de-democratisation,

Žižek (2009b: 183) identifies that '[w]hat, today, prevents the radical questioning of capitalism itself is precisely *the belief in the democratic form of the struggle against capitalism*' (emphasis in original). This institutional and ideological inadequacy stems not from the rejection of resistance *per se* by Left proponents of greater democracy. Instead, it arises because this project subsumes political antagonism and dislocation into electoral desire (Žižek 2018a, b). When 'democracy' is concurrently cast as the condition of politics *and* solution to its political condition, the violence of capitalism is effectively displaced onto questions of inclusion and fairness *within* the system. That is, rather than recognising the underlying class conflict constituting capitalism, one instead assumes a playing-field sufficiently fair and equal to justify a focus on deliberation and voting to achieve progressive ends (Dean 2009, 2014). Grievances from systemic political economic concerns are, in turn, displaced questions of ensuring liberal democratic institutions work 'properly' (eg. Crouch 2020). In place of politicisation and critique of the logic and structures of 'capitalism' as a means to transform this system, calls for recovering 'democracy' effectively becomes a defence of the status quo – leaving capitalism and liberal democracy as the unspoken ideological horizon of Left politics (Dean 2009).

As many of the articles appearing in this special issue of *JAPE* highlight, the maelstrom of overlapping crises and socio-ecological tensions necessitates a positive political economic agenda to challenge the neoliberal status quo. Of course, democracy and its extension to other political economic spheres can and should be part of this project (see Blackburn 2021; Fishwick and Kiersey 2021). Yet, any commitment to 'democracy' as part of this push that precludes the urgent transformation of capitalism behind the ideological veil of liberal democracy can only be regarded as part of the problem. As Joe Biden's victory in the recent US Presidential Election – and his subsequent assembling of a corporate-dominated cabinet and attacks on progressives – attests, prioritising 'restoring *democracy*' and 'returning to *normal*' without contesting the material and ideological interests naturalised by those terms will not lead to transformative change. Indeed, perpetually accepting the inevitability of voting for the 'lesser evil' will likely only lead to regular electoral contests between 'evil lessers': neoliberal technocrats and far-right populists squabbling over how best to arrange the deckchairs on the Titanic of capitalism. While adopting a plurality of normative political economic positions, this issue of *JAPE* should be read against this background: as a

means to prompt the political Left to critically reflect on its own assumptions about the meaning of ‘democracy’ and its place in contesting neoliberalism and, ultimately, capitalism.

Finally, it is important to acknowledge the great contribution of all those who refereed papers submitted for this special issue: Rob Bray, John Brookfield, Ian Bruff, Gareth Bryant, Gavan Butler, Damien Cahill, Robin Chang, Melinda Cooper, Matt Costa, Carol Johnson, Evan Jones, Nick Kiersey, Rodney Loepky, Andrew Mack, Amanda McCormack, Adam David Morton, Franklin Obeng-Odoom, Pat Ranald, Stuart Rosewarne, Ariel Salleh, Gabor Scheiring, Ben Spies-Butcher, Simon Springer, Rune Møller Stahl, Jim Stanford, Frank Stilwell, Cemal Burak Tansel, Tim Thornton, Phil Toner, Alex Waters, Jessica Whyte, and Shaun Wilson. While refereeing remains a voluntary and unpaid role, it is certainly not a thankless one. Particularly in light of the detrimental effects of the ongoing GCC on the job security, remuneration, conditions and health of academics working in higher education (replicating the pressure felt by many workers throughout the economy), the intellectual generosity of all the referees in helping this issue come to fruition is warmly appreciated.

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DEMOS VETO AND DEMOS EXIT: THE NEOLIBERALS WHO EMBRACED REFERENDA AND SECESSION

Quinn Slobodian

It is a commonplace in critical scholarship to describe neoliberalism as ‘profoundly anti-democratic’ (Harvey 2005: 205). This usually means one of three things. First, it may imply that the *neoliberal theories* of writers like F. A. Hayek, Milton Friedman, and James M. Buchanan underplay the importance of majoritarian will formation or decision-making through representative democracy, treating it as functional at best, and a problem to be eliminated at worst (Brown 2019; Cornelissen 2017; Irving 2018; Mirowski 2013; Plant 2010; Son 2020). Second, it may mean that putatively *neoliberal institutions* (‘non-majoritarian’ or ‘guardian’ entities like independent central banks, the European Union, international investment law, the World Trade Organisation or the International Monetary Fund) remove policy areas from contestation by democratically-elected legislatures. Instead, they are shifted into either a technocratic space of expert assessment and rules or an executive space of exception and emergency (Best 2018; Chorev and Babb 2009; Davies 2014; Fougner 2008; Ong 2006; Schneiderman 2008; Tzouvala 2018; Wilkinson 2019). Third, more generally, is the inference that *neoliberal norms* ascendant in a capitalist society erode the conditions for a broader democratic culture (of which voting is only one part) through mounting pressures of interpersonal competition, overwork, precarity, and personal indebtedness. This takes place alongside collectively disempowering discourses of market shame, inadequate creditworthiness, and responsabilisation (Brown 2015; Feher 2018; Giroux 2019; Lebow 2019).

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Some scholars see anti-democratic neoliberal institutions prefigured in the pages of neoliberal theory, thus merging the first two claims (Biebricher 2016; Bonefeld 2017; Dardot and Laval 2014; Farrant, *et al.* 2012; Gerber 1994; MacLean 2017; Slobodian 2018; Streeck 2014; Valdés 1995). Others combine the latter two claims by seeing the lack of public political engagement as both enabling – and encouraged by – the hiving off of decision-making to unaccountable organs of governance (Crouch 2004; Grewal and Purdy 2014).

Almost a decade ago, the political scientist Peter Mair posed a puzzle: if the era since the Cold War's end marked the unchallenged victory of democracy as a political system, why have the primary institutional innovations since then been toward insulating decision-making from majoritarian influence (Mair 2013)? In a range of ways, scholars have offered the same one-word answer: neoliberalism. Achille Mbembe expressed the strong version of the argument recently when he wrote that 'neoliberal globalisation is emptying nationalism, and indeed democracy period, of all real content, and shifting the real decision-making centers to remote places' (Mbembe 2019: 180). The contention about the anti-democratic nature of neoliberalism remained surprisingly untroubled by the twin shocks of 2016, when both Brexit and Trump triumphed through formally democratic means. Few contest that we continue to witness, in the title of a recent book, a 'neoliberal assault on democracy' (Dardot and Laval 2019).

Without disputing the basic validity of the above arguments, to which I have contributed myself, it is important to consider how an overly tidy equation of neoliberalism with anti-democracy leaves open critical questions. It obscures the diversity of neoliberal thought on the problem of democracy, which ranges from 'minarchist' designs for constitutional constraint to the 'anarcho-capitalist' abolition of representative government altogether (Biebricher 2019). It also tends to conflate democracy – in the fuller sense of democratic norms – with a pre-determined policy package of either social democracy or more progressive forms of socialism (Kolev 2019). Perhaps most importantly, as I argue in the following article, it renders invisible one of the most striking developments within neoliberal thought itself in the last twenty years: the embrace by some neoliberals of referenda as a means of political change, and the linked rise of what we could call neoliberal secessionism as a prescriptive form of radical grassroots politics.

After the Cold War, a core group of neoliberals in the public choice tradition responded to what they saw as the leftward tilt of supranational integration by seeking more rather than less democracy, albeit of a particular kind. In the process, they moved from the long-standing demand for what I call the ‘Demos Bound’ to an exploration of the referendum as a ‘Demos Veto’, before moving on to the possibilities for secession or a ‘Demos Exit.’ Understanding the turn to referenda and secession by key neoliberals like James Buchanan, Roland Vaubel and Charles Blankart – overlooked by scholars beyond a short piece by Thomas Biebricher (Biebricher 2015) – is essential to seeing how neoliberals rationalised and even participated directly in the nationalist revival of the 2010s. As we will find, some neoliberals were less invested in ‘undoing the demos’ (Brown 2015) than utilising it to their own desired ends.

Demos bound after Cold War’s end

The enthusiasm of some neoliberals for the referendum as a political tool had a specific historical context: the 1990s in the wake of the Cold War. The intellectuals, think tankers and policy-makers organised in the neoliberal flagship organisation of the Mont Pèlerin Society (Walpen 2004) did not bask in smug triumphalism after the collapse of East European communism. The Italian economist Antonio Martino, who would become a founding member of Silvio Berlusconi’s Forza Italia party, captured the mixed feelings of the neoliberals in his presidential address at the first MPS meeting after the Berlin Wall’s fall. ‘Socialism is dead,’ he said, but ‘statism is not.’ He named the three biggest threats that neoliberals still faced: environmentalism, public demands for state spending, and the European Community (Martino 1990).

Socialism had not vanished with the Cold War’s end, neoliberals believed – it had simply migrated. While neoliberal fears of ‘green socialism’ and ‘environmental imperialism’ (Plehwe 2014) remained consistent from the 1970s onward, and anxiety about state spending was evergreen, the targeting of European integration represented a shift of animus in neoliberal circles. Into the late 1980s, many neoliberals had still cultivated hope that European integration would be a net win. This was especially true from the time the *Single European Act* enshrined the free circulation of goods, services and capital in 1986, to the passage of the *Maastricht Treaty* in 1992, which included the commitment to a single common

currency. Neoliberals were much more skeptical of the latter, as most expressed a preference for parallel competing currencies or, like F.A. Hayek, in competing privately-issued currencies (Slobodian and Plehwe 2019). In his presidential address at the MPS conference in Tokyo in 1988, German economist and policy entrepreneur Herbert Giersch said that he hoped the completion of the internal market would ‘accelerate the work for reforms which have been on the agenda of some countries for a long time but have so far been repressed by what we call (with Milton Friedman) “the tyranny of the status quo.”’¹

Even if neoliberals disagreed about the form that European monetary unification should take, they shared Giersch’s belief that European integration could perform a salutary end-run around the ‘status quo tyranny’ of majoritarian accountability. Removing monetary policy from the hands of elected officials was necessary to decrease the translation of popular demands into inflation (Vaubel 1978). ‘A monetary constitution that binds the hands of government and the central bank’ (Bernholz 1986: 477) must be joined by a ‘fiscal constitution’ that obliged governments to balance their budgets (Buchanan 1988). On paper, the supranational European Central Bank and the deficit rule written into the *Maastricht Treaty* of 1992 seemed to fulfill the desiderata of market-friendly constitutional constraint.

The European Union’s non-majoritarian features would appear to make it a banner case of the neoliberal vision of Demos Bound. Yet, despite appearances, many contemporary neoliberals drew the opposite conclusion. Instead, they grew ever more concerned about what Buchanan, in 1990, called ‘regulatory Brusselisation’ and a move toward great centralisation and harmonisation of working conditions as a result of integration. Future MPS president Victoria Curzon Price warned of rising ‘Euro-socialism’, and members of the Bruges Group, formed by British neoliberals in 1989, raised the alarm about Jacques Delors’s plans for a ‘Social Europe’ (Slobodian and Plehwe 2019). Distressed that the ‘guardian’ institutions of the ECB, the European Commission and the European Council would change their mandate to safeguard expanded social democracy rather than deregulation and market competition,

¹ Herbert Giersch, ‘Individual Freedom for Worldwide Prosperity’, MPS Meeting, Tokyo, 1988, Hoover Archive, *Mont Pèlerin Society Papers*, Box 27.

neoliberals tried to figure out how to fend-off the revival of Leviathan in Europe. One of the solutions to which they turned was the referendum.

The demos veto against integration

The 1990s are often remembered as a time of consensus around liberal democracy and the move toward supranational integration in the form of the EU, NAFTA and the WTO. However, there were also moves in the other direction: down rather than up, out rather than in. The decade saw widespread discussions of neo-nationalism and populism that prefigured many of those that followed 2016. Some of the players were the same. The Italian Northern League (now just League) was formed in 1991. Both the French National Front (now National Rally), headed by Marine Le Pen's father, and the Austrian Freedom Party were highly visible in the early 1990s, opposing non-white immigration and celebrating the virtues of the ethnic nation. Elsewhere, Quebec's secession referendum came within a percentage point of success in 1995, and Switzerland moved against the current of integration by rejecting membership in the United Nations in 1986 and the European Economic Area in 1992.

The case of Switzerland rippled through neoliberal discussions in the 1990s (Biebricher 2015: 262). While the Swiss city of Geneva had a privileged place in the history of neoliberal reflections on international order for much of the twentieth century (Slobodian 2018), some neoliberals took an interest in Switzerland by the century's end for different reasons – and at a different scale. Recalling the mid-century fascination of founding Mont Pèlerin Society member, Wilhelm Röpke, with the decentralised federal structure of Switzerland (Solchany 2010), the landlocked country at the heart of Europe became a critical example of how grassroots democracy, rather than supranational governance, could be key to anchoring the competitive private market order. Key here were the elements of what one MPS member approvingly called Switzerland's status as a 'plebiscitary-representative democracy' (Blankart 1992). Swiss citizens can propose changes to the constitution through popular initiatives, all constitutional changes must be approved by referendum, and expansion of state spending is often subject to approval through referendum.

Referenda were not entirely foreign to the neoliberal arsenal elsewhere, too. Most notable here is the passage of Proposition 13 in California in

1978, which limited raising new revenue except by supermajority. In such examples of ‘taxpayer revolts’ (Buchanan Mar 1979), it was noted, voters tended to be wary of increased taxation. The economist Harold Demsetz pointed out at an MPS meeting in 1984 that referenda tended to work in the preferred neoliberal direction – by ‘restricting government growth.’ ‘The remedy may not lie in reducing the political power of the majority,’ he suggested, ‘to the contrary, the remedy may lie in making the unorganised majority more effective politically, at least relative to organised special interests.’² German economist and MPS member, Charles Blankart, expanded on the point in 1992 when he said that one could speak of the ‘collective veto function of the referendum,’ which helped solve the ‘principal-agent problem of government’ by allowing electorates to slow the expansion of revenue-creating power by policy-makers (Blankart 1992). Referenda could break the tendency of politicians to create ‘a coalition against the voters and taxpayers,’ public choice economist Bruno S. Frey noted later (Frey 1992: 216).

These public choice neoliberals believed that, when presented with isolated proposals for taxation, voters would perform what could be called a Demos Veto on the expansion of the fiscal state. In this sense, referenda could complement balanced budget amendments as a secondary tool of enforcing austerity. While the taxpayer revolts of the late 1970s appeared to neoliberals themselves as a rather isolated case of ‘libertarian populism’ (Caplan 2005), the ‘constitutional opportunity’ (Buchanan 1990) represented by European integration meant that the field was open for a creative rewriting of the rules.

The demos exit and the fragmentation hypothesis

Switzerland became a talismanic counter-point to Brussels for some neoliberals in a decade when scaling-down bore more promise than scaling-up. It was important that referenda could act not only as a means of checking government power or elite action but could also, in extremis, be used to create new jurisdictions through secession. In an example oft-repeated by neoliberals, the Jura canton seceded from Bern by referendum in 1979 (Vaubel 2014).

² Harold Demsetz, ‘Comment on Prof Buchanan’s Can Democracy Be Tamed’, MPS General Meeting, Cambridge, 1984, Hoover Archive, *Mont Pèlerin Society Papers*, Box 26.

Into the late 1990s and early 2000s, public choice neoliberals expanded on what one such figure – member of the MPS and the German Council of Economic Advisers, Lars Feld – dubbed with his co-authors ‘the fragmentation hypothesis’ (Feld *et al.* 2010). That is, that the multiplication of jurisdictions produced a salutary effect of tax and regulatory competition, whereby wealthy actors ‘voted with their feet’ and disciplined policy-makers into pursuing austere policies. As Feld wrote later, ‘the possibility of individuals (or of capital) to exit a jurisdiction [...] restrains the extent to which a government can tax its citizens excessively’ (Feld 2014: 232). Direct democracy and the related right to secession became key to their vision of ‘laboratory federalism’ (Oates 1999).

A locus of these discussions was the European Constitutional Group (ECG), formed in 1992, which included European public-choice economists (and MPS members) Blankart, Peter Bernholz and Roland Vaubel. One of the ECG’s most consistent demands was for an explicit right of secession in the European treaty, a feature that was absent until Article 50 was included in the *Lisbon Treaty* passed in 2007. While strategies for expressing discontent are usually captured by Albert Hirschman’s language of ‘exit’ and ‘voice’ (Hirschman 1970), these neoliberals pointed out accurately that this did not account for the possibility of collective exit in the form of partition or secession. Buchanan referred to secession as ‘internal exit’ in 1987 (Buchanan and Faith 1987). Rather than voice or exit, the right to secession through majority vote could perhaps be better described as ‘voice to exit,’ or the ‘Demos Exit.’

For the neoliberals, a great feature of referenda is how they could be used to address the very charge around which this article is framed: that neoliberalism is anti-democratic. The Demos Exit confronted a lacuna in the neoliberal treatment of democracy. On the one hand, neoliberals credited democracy instrumentally as the best system for ensuring a peaceful transition of power. On the other hand, they tended not to look too closely at what precisely the secret of that continuity was. The keyword of legitimacy is remarkably rare in the texts of neoliberals. By the turn of the millennium, it was becoming harder to ignore this problem. The rolling protests that met gatherings of the WTO, the IMF and the G-7 from the late 1990s onward suggested persistent discontent with what many perceived as the anti-democratic features of global economic governance (Slobodian 2018).

Institutions such as the WTO and NAFTA could be seen as democratically legitimate in that people had elected representative governments and those governments had signed trade treaties which partially ceded, or pooled, sovereignty. Yet the leap of scales seemed to be sufficient to raise popular ire, giving credence to the famous banner hung at the Seattle WTO protests in 1999 that showed ‘democracy’ with an arrow going one way and ‘WTO’ with an arrow going the other. Binding the demos, however effective in theory, seemed to court instability and popular discontent. In the 1990s and into the 2000s, neoliberals started to see how the Demos Veto and the Demos Exit could serve as solutions to the conundrum of democracy, potentially improving on a reliance on the Demos Bound or projects of legal ‘encasement’ (Slobodian 2018).

One important spokesperson of the new way of thinking was Buchanan, someone who had long been closely associated with projects of designing constitutional constraints. The central figure in the public choice tradition, Buchanan was known for his application of the tools of neoclassical economics to law. His vision of ‘politics without romance’ (Buchanan 1999) cast doubt on the possibility of public-mindedness as an altruistic virtue and assumed that politicians would seek to reproduce their own power through extending ever more privileges to their constituents, thus engendering fiscal crises and bequeathing burdensome debt to future generations. The constitutional balanced-budget amendment is often seen as the Buchananite policy prescription *par excellence* (Biebricher 2016). Yet, he found another tool in the referendum, about which he had been cautiously positive in the 1980s, and became increasingly enthusiastic during the 1990s. Especially related to Europe, Buchanan began to see the antidote to government failure not so much in constitutional design, but in competition between governments, while also noting the possibility of creating new jurisdictions through secession.

Buchanan dwelled ever more on the need to entrench the exit option in politics. He expressed the sentiment in a talk in Mexico co-sponsored by the Instituto Ludwig von Mises and Vancouver’s Fraser Institute in 1995. ‘The categorical difference between market and political interaction,’ he said, ‘lies in the continuing presence of an effective exit option in market relationships and in its absence in politics’ (Buchanan 1995: 20). The collective form of the exit option was secession: ‘The separate states, individually or in groups, must be constitutionally empowered to secede from the federalised political structure, that is, to form new units of political authority outside of and beyond the reach of the existing federal

government' (Buchanan 1995: 21). As Buchanan pointed out, some of the requirements had already been fulfilled by technology: 'When values can be transferred worldwide at the speed of light and when events everywhere are instantly visible on CNN, there are elements of competitive federalism in play, almost regardless of the particular constitutional regimes in existence' (Buchanan 1995: 27). The blackmail of exit was already a reality.

The emergent perspective of a cadre of neoliberals on the usefulness of referenda and secession came into focus in three presentations at an MPS meeting in Santiago, Chile in 2000. The first talk was given by Buchanan himself. He remarked that he just had spent two months as the Hayek Memorial Visiting Professor at the University of St. Gallen, in Switzerland from December 1999 to January 2000, and had heard much from his colleagues there in support of direct democracy. He endorsed referenda again as an added layer of constitutional protection insofar as they limited the capacity of elected representatives to tax and spend.

Apparently referring to California's Proposition 13, Buchanan observed that 'a proposal that would require tax increases to be approved by a majority vote in a referendum would surely be applauded by most classical liberals.' Proposing such referenda was an important opportunity for activist neoliberals to add additional constraints to policy-makers. He cited Bernholz, a member of the ECG, to the effect that 'constitutional reform does not emerge as if from nowhere' and required 'the efforts of political entrepreneurs, who must use appropriate constitutional strategy if they are to be at all successful' (Buchanan 2001: 240). Compellingly, he distinguished the embrace of a tool like the referendum as a feature that separated 'classical liberals' from conservatives: a willingness to experiment with new methods to arrive at the shared goal of 'stability' (Buchanan 2001: 241).

For Buchanan, the blessing of the referendum was the way it could refute the criticism that neoliberals were 'antidemocratic.' He compared two scenarios with a similar outcome: one in which new legislation requires a supermajority for tax increases, and another in which all tax increases require approval by popular referendum. Leftist critics could easily – and plausibly – condemn the first for being anti-democratic or, at least, counter-majoritarian. The latter, however, Buchanan pointed out, 'can be presented, straightforwardly, as extensions of democracy and democratic process. Opponents of such proposals can be challenged as if they are

furthering the interests of establishment elites, who remain fearful of the demos' (Buchanan 2001: 240). For 'strictly strategic considerations,' Buchanan wrote, one should be on the 'lookout [...] for those opportunities where the socialist or left-liberal cannot overtly oppose reforms on the 'antidemocratic' arguments' (Buchanan 2001: 241). Through its selective application, the referendum could be a means for neoliberals to turn the tables on the Left by unmasking them as the true opponents of the popular will.

Speaking after Buchanan, Bruno Frey deepened his analysis by returning to the example of Switzerland. The proposal to join the United Nations in 1986 had enjoyed the support of the leading voices in Swiss society, and yet was voted down by three-quarters of the electorate. In 1989, a vote to dismantle the Swiss military was opposed by elites, but passed anyway. Three years later, the pattern recurred when elites unanimously supported accession to the European Economic Area, and again the vote went down. Frey argued that 'the observations made for Switzerland are of great importance for all democracies', as they showed that the weapons of direct democracy could be used to break up elite power blocs. He used a public choice framework to argue that 'politicians in many countries form a close-knit group of people, clearly differentiated from the rest of the population.' They 'have an incentive to form a cartel against the ordinary citizens,' he wrote, as their livelihoods depend on 'rent-seeking' behaviour *vis-à-vis* the average taxpayer who pay their salaries.³

While neoliberals traditionally feared the capture of the state by the masses by means of the ballot box leading to supposed orgies of redistribution, Frey pointed out that policies were not the unmediated expressions of voter preferences. Rather, following insights of other public choice theorists, he suggested that elites may have one party in mind: the elites. What if politicians themselves were a class, or a 'classe politique' as he described them? He suggested in earlier work that even libertarian political theorists had not considered sufficiently that 'in democracies the politicians may establish a coalition against the voters and taxpayers' (Frey 1992: 216). They might form a common front to prevent the undoing of their security: 'The politicians united in a coalition also have an interest in blocking

3 Bruno S. Frey, 'The Future of Democracy: More Direct Citizen Participation', MPS General Meeting, Santiago, 2000, Hoover Archive, *Mont Pèlerin Society Papers*, Box 129.

constitutional changes which would hurt them by giving greater voice to the “outs,” the citizens’ (Frey 1992: 217).

In the case of politicians, there was a vested interest to prevent referenda which might dilute their power. Frey saw this ‘cartel’ supported by intellectuals who may not be formally part of government but shared an opposition to direct democracy, as ‘they consider themselves to be the better judges of what is good for the people than the citizens themselves.’ Frey found the common arguments deployed against referenda to be unconvincing. The proposition that average people were incapable of voting on single issues clashed with the usual praise that intellectuals had for the democratic process in electing representatives. Wasn’t it actually more straightforward to vote on a single issue than to speculate on how a politician might themselves vote on a range of issues in the future? Frey pointed out that referenda were also pedagogical processes as venues and outlets sprang up to inform the voters of the relative merits of each proposal. Lining up the evidence, Frey concluded that ‘referenda are a crucial constitutional means to restrict the cartel of the politicians against the ordinary citizens.’⁴

The third talk in Chile was given by Jesus Huerta de Soto, Professor of Economics at Universidad Rey Juan Carlos, and vice president and director of MPS from 2000 to 2004. As Buchanan had done in the past, Huerta de Soto fused the discussion of the Demos Veto with the Demos Exit. Consistent with his own self-ascribed ‘anarcho-capitalism,’ he was much more open than the others in his instrumental attitude toward democracy. He did not believe the use of referenda signaled any fidelity to the democratic process as such. ‘Our main goal as libertarians should be in the future,’ he said, ‘to strengthen free market liberalism, and not democracy per se.’ The question was whether referenda would deliver the goods: ‘in the final analysis, for a libertarian, the libertarian content of the political decision taken is much more important than the specific democratic procedure followed to reach that decision.’ Huerta de Soto made explicit here what often went unmentioned: that the neoliberal embrace of referenda was highly conditional on it moving in the direction of absolute private property rights, and minimal redistribution and state expenditure. The subtitle of his talk declared his proposal boldly, calling for ‘The Deconstruction of the State Through Direct Democracy.’

4 Bruno S. Frey, ‘The Future of Democracy: More Direct Citizen Participation’, MPS General Meeting, Santiago, 2000, Hoover Archive, *Mont Pèlerin Society Papers*, Box 129.

Referenda could be used over time to reduce the competencies of the law-making state itself.

Amid this process of would-be deconstruction, Huerta de Soto saw the need for a trapdoor. Because the results of a referendum might always tilt in a more redistributive direction, an exit option was necessary as a failsafe. Citing fellow anarcho-capitalist Hans-Hermann Hoppe, Huerta de Soto stated:

For a libertarian it is of the utmost importance to combine the political procedures of direct democracy with the effective existence of the right of secession of any minority that feels exploited by the result of any Referendum.

In turn, '[a]ny group or association of individuals should be free,' he wrote, 'to decide at any moment whether or not to be included in a state or political unit, to create a new one, or to be included in a previously existing one.'

In what direction might such secessions lead? 'The traditional nation-states are becoming more and more anachronistic,' he said, 'A political process based on combined direct democracy and effective secession could create in the 21st century' an entirely different world. He quoted Hoppe's prediction of

a world consisting of tens of thousands of distinct countries, regions, and cantons, and of hundreds of thousands of independent free cities such as the present-day 'oddities' of Monaco, Andorra, San Marino, Liechtenstein, Hong Kong, and Singapore, with the resulting greatly increased opportunities for economically motivated migration.

Huerta de Soto concluded his remarks by putting 'democracy' in quotation marks, saying that 'the most perfect "democracy" conceivable for the twenty-first century [is] that constituted by the process of private property and free market anarchism.' In this case, the Demos Veto was a means to the end of dissolving the Demos itself into an arrangement of private contract and exchange: a patchwork of competing jurisdictions where democracy itself was abandoned.⁵ In his dream scenario, the Demos would be conscripted into its own undoing.

⁵ Jesus Huerta de Soto, 'The Future of Liberalism: The Deconstruction of the State Through Direct Democracy', MPS General Meeting, Santiago, 2000, Hoover Archive, *Mont Pèlerin Society Papers*, Box 129.

Conclusion

Much justifiable attention has been paid to the neoliberal vision of putting ‘democracy in chains’ (MacLean 2017). Yet, designing constitutional constraints and disempowering majorities is only one side of the neoliberal approach to democracy, especially in the tradition of public choice. The other, explored by this article, is the possibility of using referenda to undermine state capacity or to provide a path to secession, what I have called a ‘voice to exit.’ The adoption of direct democracy seeks to discipline the Leviathan state – and the supranational treaty organisation – either by actual departure or the threat of departure from an existing jurisdiction. While the capacity of capital flight to punish redistributive states through the withdrawal of investment and savings is well-known (Shaxson 2019), the use of referenda to split a state or leave a treaty organisation is less well-studied.

Europe has offered a conceptual and literal space for the unfolding of new neoliberal conceptions of politics in the last half-century. In his talk in 2000, Frey noted that referenda were often criticised for preventing ‘the adoption of “bold new ideas”’ but wondered whether such ideas were not often technocratic proposals with tepid popular support. In the 1990s and 2000s, European integration was one such ‘bold idea’ susceptible to the charge of top-down anti-democratic technocracy. Frey reminded his audience that popular referenda had been used to decide entry into the EC in the 1970s (leading to a ‘yes’ from UK, Ireland and Denmark, and ‘no’ from Norway), as well as the *Maastricht Treaty* in the 1990s (‘yes’ from several countries and another ‘no’ from Norway). Within a few years of his talk, the tide of ‘yes’ votes reversed direction. Denmark and Sweden voted against adopting the Euro in 2000 and 2003. More importantly, two members of the Original Six – France and the Netherlands – voted against the European Constitution in 2005, leading to a suspension of further referenda and what was effectively a constitution-from-above adopted with the *Lisbon Treaty* in 2007. It looked like a case of a Demos Veto against the project of European integration.

Discontent with the EU escalated after the Global Financial Crisis erupted in 2008 and hit Europe the following year. There was much, often misguided anger in Northern Europe against the perceived fiscal sins of their Southern neighbors. Moreover, blame was largely laid at the feet of powerful leaders like German Chancellor, Angela Merkel, for having allegedly overstepped the legal limits of the monetary union through

rescue packages for countries like Greece and Italy. In Germany, political dissent of this kind coalesced around the Alternative for Germany (AfD) party, founded by neoliberal economists in 2013 and originally called ‘Electoral Alternative (*Wahlalternative*) 2013’ (Havertz 2019). While the Italian League modified its own demands away from outright secession, the AfD became the most successful party on the continent to argue for withdrawal from the EU through direct vote, and has since become the first far-right party to win election in to the German Bundestag in the history of the Federal Republic. Its founding members and expert advisory board included figures at the centre of the account presented in this article: Roland Vaubel and Charles Blankart. ‘Each secession strengthens competition among governments,’ Roland Vaubel wrote categorically in the year of the AfD’s founding (Vaubel 2013: 293). Easily overshadowed by the successful Brexit vote or characterised as a purely xenophobic party, the AfD is one of the most important carriers of the neoliberal discourse of Demos Veto and Demos Exit.

To understand the mutations of neoliberal ideology since the end of the Cold War (Callison and Manfredi 2019), we need to see how the proposals for scaling-up economic governance in the form of the supranational institutions explored by scholars (Slobodian 2018; Streeck 2014; Tzouvala 2018; Anghie 2007) were also joined by proposals for scaling-down through projects of secession. The rise of Demos Veto and Demos Exit in neoliberal conversations in the 1990s and early 2000s provide evidence of a live and ongoing conversation among neoliberals about how democracy can be deployed, rather than simply being constrained and directed toward political ends. Consistent with attention accorded by other scholars to ‘neoliberal democracy’ (Konings 2017), ‘the market’s people’ (Brandes 2019) and ‘the sovereign consumer’ (Olsen 2019), my focus on the Demos Veto and the Demos Exit explores the vision cultivated by some neoliberals of the state or supranational institutions as constraining, taming or suppressing democracy from the top-down, to be supplemented with new forms of agency being exercised from the bottom-up.

The neoliberal project is in a constant state of flux and adaptation. For this reason, our critical interpretations must be too.

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DEMOCRACY, NEOLIBERALISM AND JAMES BUCHANAN

Thomas Biebricher

Long before the world found itself in the grips of a global pandemic – the economic consequences of which are already grave and may well foreshadow an equally troubling political fallout – there was a widespread sense of crisis regarding liberal democracy being articulated from various corners of the political spectrum. At the heart of these concerns are diagnoses of an erosion of democratic culture, a turn towards an often ill-defined populism and the crowding out of democratic practices through the dissemination of neoliberal techniques, rationalities and subjectivities.

In this article, I want to contribute to an understanding of these developments by scrutinising the link between democracy and neoliberalism at the current political conjuncture. More specifically, I am interested in the way that neoliberal theory and practice have come to (re-)shape and – possibly – disfigure contemporary democracy and, thus, may have contributed to its alleged multi-faceted crisis.

The following analysis of these issues proceeds in three argumentative steps. First, I will attempt to substantiate the diagnostic thesis sketched here and begin to explore how current transformations of democracy can be linked to the influence of neoliberalism. It should be stressed that this diagnostic takes the contemporary European context as its main frame of reference, but it is not necessarily confined to this. In a second step I will argue that these transformations are, in fact, best related to the thought of James Buchanan. The latter combines in a unique way the two tendencies that I take to be of major significance for our democratic times – with the caveats just mentioned – namely: the push towards a constitutionalisation of democracy in conjunction with an attack on political establishments,

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‘Democracy, Neoliberalism and James Buchanan’
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elites and their alleged sense of entitlement, which mixes neo-conservative elements with what is nowadays typically, if unfortunately, referred to as ‘populist’ animus. In this sense, James Buchanan is the quintessential neoliberal theorist of our time. I will conclude with a brief look at some of the paradoxes and strategic dilemmas arising from this contemporary constellation – in neoliberal theory and political practice.

Finally, let me spell out very briefly what I mean when I refer to contemporary ‘liberal democracy’ and ‘neoliberalism’ respectively. The former refers to a *real type* of contemporary democracy which, empirically (*ie.* not ideally) tends to be characterised by a combination of popular sovereignty and the rule of law; majority rule that finds its limits in individual (human) rights and public/administrative law binding state action. Beyond these institutional features, contemporary liberal democracy also features political cultures that combine relatively low levels of input-orientation with output-orientations that appreciate welfare-enhancing output/outcomes and, in the past, used to exhibit a sufficient will to be governed. The latter is a requisite of democracy possibly overstated in its importance by the classical theorists of political culture due to their Cold War fixation on ‘stability’, albeit remaining one that still ought not to be discounted entirely (Almond and Verba 1963: 1980).

‘Neoliberalism’ is notoriously difficult to define. In my view, however, the best available strategy to do so is a reconstruction of the historical context of its emergence and what its self-professed proponents associated with it. But even this reconstruction does not yield an entirely unequivocal notion of neoliberalism and a respective intellectual-political agenda that would be fully consistent and coherent. But despite the complaints over the alleged unusual fuzziness of the concept, neoliberalism is no exception in this regard, as anyone who has ever tried to distill an unequivocal notion of ‘conservatism’ can attest to.

Thus, the most promising way to conceptualise neoliberalism – striking a balance between the misleading attempt to identify some immutable core of it, on the one hand, and dissolving it into loosely connected neoliberalisms in the plural, on the other – is to pursue an alternative conceptual strategy. Specifically, it is prudent to consider that what neoliberals share is not a set of positive doctrines, nor even a more abstract but uniform world view. Instead, the thin common denominator between thinkers such as Friedrich August Hayek, Milton Friedman, the German

ordoliberals and many others, including James Buchanan, is a shared *problem*, that also distinguishes them from ‘classical’ or *laissez-faire* liberals (Burgin 2012; Slobodian 2018a). Neoliberals are, trivially, proponents of markets as the superior coordination device and the – far from trivial – problem they all face is how to set up and maintain markets. Accordingly, the neoliberal problematic concerns the preconditions of functioning markets and, as one might already suspect, democracy is a considerable issue within that problematic, as it is mostly viewed as a potential spanner in the works of smoothly functioning markets (Biebricher 2019).

Constitutionalising democracy

Neoliberalism’s overall fraught relationship with democracy has been well established in the research of the past two decades. However, the question still remains as to how exactly the effect of neoliberal theory and practice on actually-existing democracy in the recent past leading up to the present can be properly described. As already suggested above, I contend that there are two broad developments that can be observed. While they do not hold across each and every empirical case of liberal democracy, they are certainly pertinent and highly significant with regard to the contemporary European, if not the North Atlantic, context more generally.

The first is a strategy that is applied at the *institutional level* of democracy, which I will refer to as the *constitutionalisation of democracy*. This is an umbrella term subsuming a number of developments that are not confined to efforts at constitutionalisation in the strict sense of the term, but comprising various endeavors to reduce the space for discretionary decision-making by democratically elected governments, especially with regard to matters of economic and financial policy. The rationale behind the constitutionalising strategy is not too difficult to comprehend. While some varieties of neoliberal thought occasionally flirt with authoritarianism (see Biebricher 2020), it would be an exaggeration to allege that neoliberal thought was trying to abolish democracy and disenfranchise the people in order to install some kind of oligarchical rule. Rather, neoliberal thought is replete with ideas about how to make markets safe from democracy, and one cluster of ideas seeks to minimise the influence of the (democratic) sovereign by reducing the leeway of its representatives. To the extent that these endeavors are successful, it does

not matter all that much whether a wayward electorate comes to elect a semi-socialist government, because the latter is significantly constrained in its actions.

Two strategies to immunise economic policy and, consequently, markets that are constituted and sustained by it, stand out. First, there is the attempt to restrict the potential range of state policy-output by subjecting it to rules and regulations. Now, it must at once be noted that the sheer fact that state action is subject to juridical limitations is not scandalous in itself. One of liberal democracy's crucial characteristics is the articulation of popular sovereignty with the rule of law, which both enables the democratic expression of the former but simultaneously acts as a constraint (Habermas 2001). But the strategy of genuine constitutionalisation goes beyond this by calling for rules that entail substantive – and deeply consequential – economic policy positions or, rather, take some of the respective options. Pertinently, passing such rules and enshrining them literally in the constitution is only one of the strategies of relevance here.

The other strategy aims at blunting the powerful sword of national sovereignty and state action by subjecting it to international constraints that range from bilateral trade treaties to regimes such as the WTO and supranational federations such as, prominently, the European Union. One way of explicating the strategic appeal of such efforts at constraining the radius of state action is to place it in the context of one of the major conceptual weaknesses of the constitutionalisation option, which resides in the nature of 'self-binding rules' discussed above. After all, it is not only conceptually difficult to effectively bind sovereigns – even if we seek to cleanse sovereignty of its ineradicably metaphysical connotations – but also practically, as anyone who has ever tried to kick an (allegedly) bad habit by sticking to a set of self-imposed rules comes to realise. Some neoliberals, as well as others (see Elster 1979; 2008) concluded that, all Kantian convictions to the contrary notwithstanding, committing oneself is much more obligating and hence efficacious *when these commitments are made to others*. This is the case whether be it through the reciprocities codified in bilateral treaties, the multilateral obligations of regimes or the curious nature of the commitments in a federation such as the European Union, which are mutual but also to a third entity, namely the quasi-state structures on the supranational level.

In my view, the most significant impact of neoliberalism on democracy at the level of institutions over the last two decades can be attributed to the

effects of these two variants of the constitutionalisation strategy. Critical research began to take note of these developments in the late 1990s when Stephen Gill introduced the terminology of the ‘new constitutionalism’ to capture the multiple binding effects of trade agreements, GATT and the WTO that he described as a newly emerging regime of disciplinary capitalism (see Gill 1998; Cutler and Gill 2014). Around the same time, Fritz Scharpf pointed to the ‘Four Freedoms’, which constitute the Common Market of the European Union, depriving nation states on the basis of mutual commitments of their erstwhile prerogative of boundary control. This, in turn, set in-motion a dynamic of negative integration that left nation-states with only rudimentary options to uphold their specific historical settlements of democratic (welfare-)capitalism (Scharpf 1999, 2010). Much more recently, Quinn Slobodian has chronicled the continuing attempts to constrain national sovereignty through various forms of international integration, showing that what he refers to as a ‘globalist’ orientation was, from its beginnings, part and parcel of neoliberal thought (Slobodian 2018a).

However, exhibit A for this neoliberal thrust of the recent past is obviously the European Union after the double hit of Financial and Eurozone Crisis that triggered a massive effort at (re-)constitutionalisation. This aimed overall, at more ‘sustainable public finances’ as proponents referred to it, or plain and simple ‘austerity’ as described by critics (Blyth 2013). In the European context, the two constitutionalisation strategies are intertwined: the large majority of European countries, including many that are not part of the European Union and/or the Economic and Monetary Union – such as Switzerland, Sweden and Denmark – have introduced ‘debt brakes’, which require certain caps on deficits and debts. The beginning of this trend dates back to the early 2000s, but the pace of it has picked up significantly since then. While in some European cases, such as Switzerland, the introduction of a constitutional device to limit deficits and debts was a strictly unilateral decision, the majority of European countries are members of the European Union or even the Economic and Monetary Union (EMU). It was through the latter that the logic of the second version of the constitutionalisation strategy also came to the fore.

The starting point of the efforts to commit members of the EMU to each other, as well as the European Commission as a (semi-)external enforcing agent, dates back to the introduction of the Euro (Savage 2007). Yet, efforts at more effectively binding budgetary policy and public finances through multilateral commitments and third-party enforcement were again taken-

up vehemently in response to the Eurozone Area Crisis. Based on the narrative that had come to prevail in public discourse – according to which it was individual states and their profligacy, or at least fiscal leniency, that were to blame – EU/EMU leaders passed a wave of reforms, which invariably were aimed at tightening and expanding the existing rules on public finances (see Dyson 2017). These ranged from the Two-Pack and Six-Pack to the *Treaty on Stability, Coordination and Governance*, often dubbed the ‘Fiscal Compact’. In the latter, the signees committed themselves to more rigid rules on fiscal austerity and also vowed to introduce debt brakes into national legislation. Thus, we have the whole panorama of constitutionalisation efforts in full view, where measures at the national level – that is, enshrining debt brakes in the constitution – are intertwined with rules codified in Secondary European Law, genuinely multilateral treaties that are based on the principle of mutual commitment (the Fiscal Compact), and a third-party enforcing agency in the form of the European Commission.

I have no intention of overstating the overall effect of these measures with regard to the way they effectively circumscribe national sovereignty in matters of fiscal reform and more general socio-economic policy. After all, the full force of these instruments, including financial sanctions, has never been resorted to so far. Still, they form an impressive backdrop of intimidation, especially for the less-powerful members of EU/EMU. Moreover, while the Commission has shown leniency in applying the rules in the past, this should not be interpreted as a general unwillingness of European Institutions to play hardball with member states, as the record of the infamous ‘Troika’ attests (Woodruff 2016).¹

In sum, at the institutional level, one of the most significant developments regarding democracy is the curtailment of discretion in matters of trade and more general economic policy. This is very much in accordance with many demands articulated in the tradition of neoliberal thought (Biebricher 2015) and exemplified, not the least, in the designs of James Buchanan, as we will come to see below.

¹ Consequently, Scharpf (2017) and many others have called for a ‘de-constitutionalisation’ of European economic and, especially, financial policy. A similar case is made by Grimm (2015) with his concerns about a potential ‘over-constitutionalisation’ of economic policy at the European level.

Populism/authoritarianism and democracy

The other major tendency we can observe unfolding in the early-Twenty First Century, and escalating over the last half-decade, is the rise of populism which, in many cases, would be more appropriately termed ‘authoritarianism’ (Brown *et al.* 2018). The (predominant) answer to the question of how to think about the link between neoliberalism and populism has been shifting in various directions ever since Chantal Mouffe’s pioneering studies in the early 2000s (Mouffe 2000). While some commentators have seen the most recent wave of populism/authoritarianism as essentially directed against neoliberalism (West 2016), the more plausible position exemplified in the works of Quinn Slobodian (2018b), Wendy Brown (2019), Melinda Cooper (2017) and others stresses the continuities and correspondences between neoliberalism and authoritarianism/populism.

So how can we describe and problematise democratic political culture in our present and what role does neoliberalism play in this regard?

Returning to the introductory section and the very brief sketch of liberal democracy in-practice, we can begin to capture the respective transformations focussing on input and output orientations prevailing in electorates. As mentioned there, the classic literature put a questionable premium on stability and the importance of moderate levels of input orientation – that is, demands for participation and integration into the will formation process on behalf of citizens, as well as output orientation exhibiting a certain degree of willingness to be governed while demanding a satisfactory output from the political system. To some extent, both conditions – for better or for worse – could be seen to be given throughout many periods since the beginning of the new century. In contrast to this, the overall tendency of change in the most recent past has been an increased intensity in input and output orientation. With regard to the former, while populists propagate a model of politics that is problematic in many ways, one effect of the rise of populism is an increased politicisation of the electorate (not least amongst those who seek to arrest any populist momentum), which has manifested itself in increased election turnout. Additionally, it has come in the form of increased scrutiny with regard to the characteristics of the input channels in liberal, representative democracies. Specifically, increased concerns have been raised about the ability of institutionalised procedures to transmit the preferences of the electorate in an appropriate manner, hampered by any

number of factors – from corporate power trumping popular sovereignty, to a ‘cartel’ of parties acting as selectively restrictive gatekeepers to the political system or, simply, an elite political class that is no longer intent on representing citizens, but rather remains almost exclusively preoccupied with consolidating or augmenting its own power.

This concern over the ability of the broader social system to effectively set the agenda for, and also hold accountable, the political system and its constitutive actors – which, from a systems-theoretical point of view, was hardly ever more than democratic lyricism – also spills over into output orientation. In my view, this is where the most pronounced changes have taken place. Here, the tolerance level regarding political decisions overall has decreased considerably – fuelled by a distrust in political elites and actually-existing democracy, or even democracy in general. Anti-establishment politics is a staple mark of populism, as long as it is not in power. One of its gravest effects is a growing reticence within populations wary of submitting to governmental decisions, and that sense of oppression, tyranny or oligarchy when forced to comply with laws and measures they disapprove of more or less passionately – the recent politics of the Coronavirus Crisis in the US serves as a textbook example.

In the remainder of this article, I will focus on the spectrum of political mentalities represented not by populism in general, but its right-wing version – not least because the relation between the left-wing variant and neoliberalism does not pose too many puzzles. What I will contend is that neoliberal theory and practice represent one factor contributing to the phenomenon of right-wing populism. Specifically, neoliberalism has sought to enthrone the individual and its preferences, and while it is correct to note that neoliberal theory is amenable to the family values of social conservatism (Cooper 2017), Brown is right to argue in her most recent contributions that neoliberalism’s attack on the social is the flipside of this absolutisation of the individual (Brown 2019). As she emphasises, this trend is not entirely captured in the diagnosis that *homo oeconomicus* is about to colonise each and every corner of society. Rather, it is the crowding-out of non-individualist imaginaries in the name of a methodological and normative individualist view: the former insisting that everything social is a derivative of the individual and, hence, must be explainable with reference to the latter; the latter holding that individuals are the sole source of legitimate valuation, with their preferences considered to be exogenous factors beyond critical scrutiny. Consequently, and tellingly, neoliberal thought in most of its variants erases all

considerations of structural or epistemic power. Instead, it focuses almost exclusively on a rather narrow concept of coercion as the opposite of freedom, driving home its normative-methodological individualist contentions (Biebricher 2014).

In light of his individualist framing, democracy turns into a context in which the main questions are: to what extent does the individual get to realise her preferences and, at least equally important, what potential democracy holds with regard to coercing the individual into compliance with law and, thus, infringes upon some kind of basal freedom? To put it differently, neoliberalised democratic political culture has increasingly focused on the notion of negative freedom (from) at the expense of positive freedom (to). It has radicalised the old liberal template of ‘politics as zoo-keeping’ (Barber 1984) into an almost neurotic fear of the intrusiveness of democracy – disparaging its potential as a space for productive conviviality, let alone the idea that citizens would not just be consumers choosing between various political packages, but could aspire to consider themselves as co-authors of such packages (see Biebricher 2015).

At its worst, which has unfortunately come to the fore in many contexts amid the Coronavirus Crisis, this vulgarisation of freedom as the uninhibited ability to act-out on whatever underlying desire comes close to John Locke’s ‘licence’ in contrast to true freedom. Individual freedom is charged with cynical and social darwinist ingredients in what is, in essence, a desublimated will-to-power that has left behind its embeddedness in the norms of the social. For instance, at a demonstration against anti-Corona measures in the United States, a protester held up a sign that simply and devastatingly demanded: ‘Let the weak die!’ The subject of this freedom run amok is not the soberly calculating *homo oeconomicus* that populates so many variants of neoliberal reasoning; rather, it is the Frankenstein’s monster that neoliberalism inadvertently co-created (Brown 2019: 10).

Before we take a look at how these two trends relate to one another, as well as the ensuing tensions and dilemmas, in the concluding section of the article, we now turn to the work of James Buchanan to show how his work epitomises both in many aspects.

James Buchanan: Rules and individual freedom

James Buchanan represents a variant of neoliberal thought that blends some generic ingredients derived from Chicago economics and Hayekian social philosophy, in conjunction with significant original additions drawn from public choice theory. Together, these comprise what he himself would have termed an approach in constitutional economics and what others have identified as the ‘Virginia School’ in political economy. While it is impossible to provide an exhaustive positioning of Buchanan’s thought vis-a-vis other currents in neoliberal thought here, let me still highlight some of the crucial fault-lines that distinguish his work from other influential neoliberals.² While the later Buchanan, in particular, came to increasingly appreciate Hayek’s work, there is a stark dividing line between them. This stems from Hayek’s turn to evolutionary theory, which stands in marked contrast to Buchanan’s emphasis on deliberate reforms and the concomitant objections to what he called Hayek’s mistaken evolutionary optimism. But while he shares this emphasis on the deliberate setting of ‘rules of the game’ – that is, constitutional orders – with the German ordoliberal tradition, both differ strongly on how to conceptualise the state and its personnel, as well as the role of (economic) science vis-a-vis politics. Ordoliberals, such as Walter Eucken, still held-out hope that the state could become the guardian of the common good, and posited that governing officials should be supplied with scientific expertise from economics and law to implement the required policies. Conversely, Buchanan’s public choice commitments regarding the pertinence of *homo oeconomicus* to the realm of politics suggests that such hopes are, at best, naive, given that politicians are opportunistically inclined to do whatever increases their chances of re-election. Further, while he shares with Gary Becker the foundational significance of *homo oeconomicus* for his entire approach, Buchanan still challenged Becker’s arguments. For example, Buchanan was critical of Becker’s work on investments in human capital,

2 Scholarship on the history of neoliberal thought has not been able to develop a comprehensive mapping of the field of neoliberal currents that would command widespread, or even close to unanimous, support. Indeed, it is unlikely that such a taxonomy might ever emerge, given the constestedness of these issues. Yet, there are still plenty of highly useful attempts to provide such maps with regard to particular issues (such as democracy) or, at least, certain sectors of the field. See, for example, Biebricher (2015, 2019); Caldwell (2011); Emmett (2020); Mirowski (forthcoming); Stahl (2020); and Vanberg (1988).

arguing that the expected utility of such investments was indeterminable given the dynamic nature of the individual utility function.

Let me now focus on why I believe Buchanan to be the neoliberal thinker who best represents the tendencies sketched out in the preceding section. Let us begin with the trend towards constitutionalisation, which is a straightforward case to make.

One of the most crucial foundational analytical distinctions that underlie Buchanan's overall thought is that between choices within a given set of rules to pursue one's interest and choices among various sets of rules. The latter takes place on what Buchanan calls the constitutional level, which is clearly the focus of his work (Brennan and Buchanan 1985: xi). But Buchanan is not only interested in the descriptive-analytical dimension of this exercise. Relying on a contractualist framework, he also wonders what set of rules could all (potentially in the future) affected consent to, arguing that the normative quality of a polity increases to the extent that it approximates such a set of rules (Buchanan 1975: 178).

While there are shifts and tensions in Buchanan's decade-spanning oeuvre (Boettke and Stein 2018), the core of his diagnosis of the main problems of contemporary democracy has remained largely consistent: it is the realm of public finance. Here, two mechanisms reinforce each other to an ever-worsening effect. First, Buchanan's commitment to the figure of *homo oeconomicus* prompts him to cast settings of generic representative democracy as 'rent-seeking' sites. Here, rational, utility maximising actors demand special treatment from political actors and the latter tend to grant these (costly) rents, assuming that it will help them secure their re-election. Importantly, these costs tend to be hidden in deficits that lead to an accumulation of public debt, thus effectively externalising the cost of rent-seeking onto the entire tax-paying political community – including its future members (Buchanan 1967). This mechanism is reinforced, secondly, through what Buchanan describes in almost (neo-)conservative terms as an 'erosion of public morals', namely a fiscal morality that refrained from running deficits and abhorred debt. But this ethical approach to public finance all-but-evaporated at the hands of the influence of John Maynard Keynes, ushering in an age of budgetary libertinage (Buchanan and Wagner 1977).

Buchanan's conclusion is not too surprising. If the unwritten rules and tacit consensus on appropriate in fiscal policy have effectively broken down at the hands of Keynes, rent-seeking special interest groups, profligate

politicians and – not least – the architects of the ‘Great Society’, with its attempt to modernise, democratise and extend the (American) welfare state, then the (provisional) solution lies in the positivisation of these rules to rein-in runaway spending.³ Concretely, Buchanan proposes certain rules on the separation/decentralisation of the power to tax and the distribution of revenue in federal settings. He also makes the case for the introduction of a constitutional balanced-budget amendment (Brennan and Buchanan 1980: 183, 202). The latter is clearly a case-in-point to illustrate the constitutionalisation strategy discussed above. Buchanan’s version of the rule is a strictly procedural one that would require all current outlays by the state to be financed through current revenue – that is, taxes (Buchanan 1997). As already suggested, this particular rule is one element in a broader agenda of constraining fiscal policy; reverse revenue-sharing in federalist settings being another, pointing towards a more encompassing strategy of developing ‘a tax constitution for Leviathan’ (Brennan/Buchanan 1977). The hands of the Odysseus that is the democratic sovereign may not be bindable in each and every aspect, and certain areas of discretion will remain. But Buchanan believes that as long as the ability of the state to generate revenue is effectively curtailed through largely depoliticised constitutional rules, at least the worst effects of rent-seeking democracy may be curbed (Brennan and Buchanan 1980: 8). In fact, with the introduction of such rules, political communities might even move closer towards the ideal of unanimous approval of the rules of the game.

Yet, Buchanan’s constitutionalisation agenda is embedded in a broader framework of conceptualising the democratic state, which corresponds in many, albeit not all, respects to the populist unrest we have identified as an important trend in contemporary (European) political culture. As Buchanan himself noted, his outlook on democracy grew considerably more skeptical following the publication of the seminal *Calculus of Consent*, co-authored with Gordon Tullock in 1962. Throughout the 1970s, his outlook grew darker and is succinctly summed up in this statement

³ It is worth noting, though, that Buchanan was generally adamant that solely relying on the power of law to compensate for a process of cultural-ethical erosion would not be sufficient. For instance he contends: ‘I can scarcely imagine an interaction setting in which persons refrain from cheating, stealing and keeping promises only because of some fear of punishment. There is surely a minimal level of voluntary adherence to the whole set of norms by the Kantian precept – a level that must be reached by a substantial number of persons in the relevant social nexus’ (Buchanan 2005: 16).

from the mid-1980s: ‘We must come to agree that democratic societies, as they now operate, will self-destruct, perhaps slowly but nonetheless surely, unless the rules of the political game are changed’ (Brennan and Buchanan 1985: 150). How did Buchanan arrive at this gloomy conclusion? To be sure, from a public choice perspective, majoritarian representative democracy had never been considered a procedural panacea, as the rich literature on voting paradoxes and so forth attests. Now, however, these dysfunctions are increasingly considered to be part of a more general distortion on the input side of the political process (Brennan and Buchanan 1980: 24) that is also described in increasingly harsh terms. Specifically, the US, in Buchanan’s view, is characterised by “‘constitutional anarchy” rather than any institutional translation of individual values into collective outcomes’ (Buchanan 1975: 7) – a concern that is consistent with the description of the enthronement of the individual, whose preferences fail to be transmitted into politics in actually-existing democracy.

Critically, this is only the beginning of a process of radicalisation in Buchanan’s thought, which comes to the fore in his embrace of the *Leviathan* model of the state. The basic assumption of this model is that state government is government by monopoly (Brennan and Buchanan 1980: 16). This uniquely powerful position leads towards an overall tendency pertaining to all state action: the maximisation of revenue to increase ‘the income that accrues to government for discretionary use’ (Brennan and Buchanan 1980: 27). Among other things, this can be used to finance rents granted.

The diagnostic radicalisation involved in this move is reflected in a number of aspects. First, against the received wisdom of public choice theory, the state is analysed ‘as if’ it was a quasi-monolith, including something approaching its own interest – that is, revenue maximisation. The despotic potential of such a monolith – not accidentally referred to as ‘Leviathan’ – is obviously much more disconcerting than the dysfunctional fragmented state emerging from classic public choice analyses. Indeed, while Buchanan shies away from equivocating the levying of taxes with outright theft, he is still deeply concerned that the monopolistic Leviathan state leaves no recourse against ‘absolute exploitation of the individual by the state’ in the latter’s attempt to increase revenue (Brennan and Buchanan 1980: 195). The complement to this increasingly aggressive expropriation of citizens is their decreasing ability to rein-in Leviathan through electoral constraints: ‘On balance, the appeal to the experience of history, and not least to recent events in the United States, does suggest

that government, in its current institutional setting, is close to being out of the control of the electorate' (Brennan and Buchanan 1980: 25). That is, there is 'no effective constraint on the exercise of government powers at all' (Brennan and Buchanan 1980: 7).

Fuelled by the detrimental democratic mechanisms described above, the Leviathan state has effectively severed the cords of electoral accountability. In turn, the collateral damage of its agenda of exploitation through taxation to maximise revenue is a 'constitutional structure [...] in disarray' (Buchanan 1991: 41). Both executive and judiciary have ceased to respect the limits of their respective branch of government – that is, enforcing and interpreting law. Instead, both have now colonised the genuine task of the legislature in making laws. The result is an almost despotic self-empowerment of these governmental branches:

Ideally, these institutions may be umpires in the social game; actually, these institutions modify and change the basic structure of rights without consent of citizens. They assume the authority to rewrite the basic constitutional contract, to change 'the law' at their own will (Buchanan 1975: 163).

The overall result is a democratic state that is characterised by an intrusive and arbitrary overbearing that prompts a growing and understandable disconnect between the state and the citizenry:

Increasingly, men feel themselves at the mercy of a faceless irresponsible bureaucracy, subject to unpredictable twists and turns that destroy and distort personal expectations with little opportunity for redress or retribution (Buchanan 1975: 14).

The individuals that make up the citizenry, thus, find themselves encroached upon in their personal (economic) liberties by an entity they have created, but which has now taken on a life of its own, turning against its creators, to use a famous analogy from Marx's analysis of the commodity. To be sure, some segments of the citizenry have already abdicated their claim to individual liberty, succumbing to the lure of 'parental socialism', willingly handing over control and responsibility over their life to the authorities, as the later Buchanan would frequently lament (Buchanan 2005). But there are those who have no such desire for dependency and, instead, fiercely defend their individual freedom and these defiants are Buchanan's real audience and the (potential) subject of the insurrectionary politics he envisions. These can take on different forms. Thus, seemingly empathising with an individualised resistance

emerging from a growing sense of anomy, Buchanan (1975: 164) asks rhetorically:

If leaders have no sense of limits, what must be expected of those who are limited by their ukases? If judges lose respect for law, why must citizens respect judges? If personal rights are subjected to arbitrary confiscation at the hands of the state, why must individuals refrain from questioning the legitimacy of government?

Another context of unrest at the meso-level are the ‘tax-revolts’ of the 1970s, culminating in the already-mentioned Proposition 13 passed in California (Buchanan 1979). But the political project Buchanan is ultimately envisaging is not confined to isolated acts of resistance and mid-level tax insurrections, but a ‘genuine revolution in constitutional structure’ (Buchanan 1975: x). As we already know, the pathologies of rent-seeking democracy are so deeply entrenched that the time for incremental reform is over. Instead, it will take a ‘constitutional revolution’, ‘which, it is hoped, may take place nonviolently, but which will, regardless, represent genuine revolution’ (Buchanan 1977: 286).

This ruptural politics is often framed in populist terms by Buchanan, expressing deep doubts regarding the established model of democratic politics. This is exemplified, for example, when he highlights that the

[California] taxpayers’ revolt [...] emerged *not* from within normal parliamentary process and interparty competition but from *outside* this system. The enormous success of Proposition 13 in California in the face of indifference and even opposition from most of the political establishment must surely raise some doubts about the extent to which normal political processes reflect the popular will (Brennan and Buchanan 1980: 25).

The revolt ‘has been populist and constitutional rather than elitist and legislative in its origins’ (Brennan and Buchanan 1980: 189). Referendums are to be welcomed because ‘legislators, executives, bureaucrats, and judges will keep arbitrary actions within tighter boundaries when they are subjected to potential reversals through popular referenda’. Moreover, they would quell the

fear of a quasi-permanent legislative or political class, composed of incumbents skilled in manipulating the interests of those groups seeking special favors from government, who provide the source of massive rents to members of the class (Buchanan 2001: 240, 238).

In Buchanan’s (2001) view of politics, ‘establishment elites’ are invariably identified as the ones who stand in the way of true constitutional

democracy and, thus, the immediate obstacle that needs to be overcome. However, Buchanan struggles to present any viable strategy as to how ‘the system’ could reform itself given his own analytical assumptions and, thereby, more-or-less inadvertently drifts towards the implicit espousal of a politics that mirrors the self-description of populist figures with their (hollow) promises to ‘drain the Washington swamp’, cut the Gordian knots of a locked-in rent-seeking democracy and smash the iron triangles that uphold a status quo skewed towards elite interests.⁴

In a certain sense, the marked populist tendency in Buchanan’s thought is not surprising. After all, close collaborators retrospectively highlighted his ‘populist instincts’ and he self-consciously steered clear of Ivy League institutions throughout his career – not least due to a ‘distaste for the ‘eastern establishment’ (Brennan and Munger 2014: 334, 335) in academia. Further, in the context of his recollections of the encounters with Hayek, Buchanan counted himself among ‘those [...] who had libertarian-populist blood in our veins’ (Buchanan 1992: 130) – in contrast to Hayek.

What emerges from the above is a view of politics in which an exploitative and arbitrarily intrusive government has wreaked havoc upon the constitutional order. Concomitantly, establishment elites further their interests in money and power at the expense of ordinary people. Against the backdrop of this self-destructing democracy that threatens to ruin its citizenry, individual resistance, revolts and even revolutions are not acts of reprehensible transgression. Instead, they are to be considered a rational, or at least legitimate, form of self-defense in aspiring to restore the conditions laid out in the American Constitution, animated by the wisdom of the Eighteenth Century. In other words, it is a view of politics that is profoundly amenable to the perspective of the average Tea Party sympathiser (Skocpol and Williamson 2012), who came to mould authoritarian populism in the US context over the last decade in such profound ways.

4 For a more elaborate treatment of the various links between neoliberal thought and contemporary authoritarian/populist projects in the United States, Italy, Germany and Austria, see Biebricher (2020). For a trenchant critique of Buchanan as a populist (and racist) anti-democrat, which, however, is mired in controversy, see MacLean (2017).

Conclusion

In this article – written from a perspective that is mostly informed by the experience of the North-Atlantic and, particularly, Europe – I have tried to identify what I take to be two of the most significant trends on the institutional constellation and political culture detectable in contemporary democracy, as well as how they are linked to the impact of neoliberalism. On the institutional level, there is as a tendency towards the constitutionalisation of certain policy areas, especially with regard to economic issues broadly understood. Be it through commitments to others in the form of bilateral trade treaties and/or multilateral regimes such as the WTO, unilateral codification in a country's constitution, or a combination of both as we have seen it in the response to the Eurozone Crisis – the uniform thrust of these measures is to effectively remove certain issues from the direct control of democratically legitimated governments.

On the level of political culture, the dominant trend I detect is the reassertion of the individual and its narrowly understood freedom from any kind of outside intrusion, including impediments that come with the coercive nature of laws passed by a majority of democratic representatives. The reaffirmation of the (white) individual has taken on the form of a populist unrest in many contemporary contexts, prompting the diagnosis of a crisis of liberal democracy. With respect to both tendencies, I have highlighted what I consider to be the contribution of neoliberalism.

Finally, and arguably most importantly, I have specified and illustrated these claims with reference to James Buchanan, whose work, in my view, exemplifies both trends more than any other leading neoliberal thinker. Here we find elaborate discussions on how a tax constitution – or, at least, specific instruments like the constitutional balanced-budget amendment – can help alleviate the pathologies of contemporary democracy. Furthermore, these demands are embedded in a more encompassing, if slightly more amorphous, critique of representative democracy on behalf of the individual that breathes the anti-establishment animus of populism. This is fused with a politics that, in an almost eschatological manner, yearns to overthrow the entrenched status quo – be it through individual anomic defiance, dispersed revolts or, ultimately, a constitutional revolution. In capturing and expressing both of these major trends pertaining to contemporary democracy, Buchanan can be aptly referred to as the quintessential neoliberal thinker of our time, albeit with the same

caveats that have been voiced above. That is, despite the many correspondences, my claim is not that Buchanan would have agreed with all of the positions held by the Tea Party or American (right-wing) populism more generally, and neither would he have endorsed Donald Trump as US President. Both are rather the Frankenstein's monsters that Buchanan's thought, in some of its major contentions, inadvertently helped to create.

I will conclude this article with a brief exploration of the paradoxes and strategic dilemmas looming in this constellation of trends that make it so difficult to navigate. Let me begin by pointing to two obviously anecdotal phenomena that are still instructive in this regard. First, there is the Anglo-American context where, among those concerned about the fate of liberal democracy at the hands of Trump or Johnson, demands have been voiced to limit the damage that they can do through increased constitutionalisation.⁵ Britain, with its unwritten constitution and the US with its Eighteenth Century one, are deemed to be in dire need for more robust constitutional boundaries – in order to do exactly what others see as one of the major dangers for liberal democracy: removing certain issues and the respective powers from the disposal of elected governments or, more specifically, the executive branch. Could it be that constitutionalisation is, simultaneously, a grave threat to liberal democracy as well as a way to save it from the powers of populism? Moreover, does it all simply come down to the specifics of the context?

Take another example that drives home the strategic conundrum even better. Champions of (liberal) democracy, particularly on the political Left, have long-criticised the austerity regime that has been imposed upon Southern European countries, including Portugal, Italy and Greece – some even likening the events unfolding in the latter in 2015 to a veritable *coup d'état*. Simultaneously, they have denounced the rise of right-wing populist movements from France to Austria and from Greece to Italy. But given these commitments, how is such a defender of (liberal) democracy to deal with a situation where it is precisely a right-wing movement/party that calls into question the legitimacy of constitutionalised rules regarding fiscal discipline? Indeed, this has happened, prominently, in the case of La Lega and its vocal leader Matteo Salvini in Italy. Before his ousting as

⁵ See, for example, contributions to the symposium on 'Reclaiming – and Restoring – Constitutional Norms', published in *Texas Law Review* 97 (2019), where this and other strategies are weighed and compared.

Interior Minister in 2019, Salvini had consistently highlighted the detrimental economic effects of austerity on Italy, while also scandalising the violation of Italian democratic sovereignty with regard to fiscal decisions. And to make matters even more complicated, this right-wing populist who attacked European austerity was also planning to introduce a flat-rate tax regime – one of the signature fiscal demands among contemporary neoliberals that can be traced back to Milton Friedman.

Finally, let us return to the level of neoliberal theory one last time and see how the paradoxes of the constellation play out in Buchanan's thought, which captures it in so many respects. At first sight, the matter may seem straightforward: the people realise that their government is effectively out of control and, in an expression of their democratic sovereignty, constrain Leviathan through constitutional rules. Upon closer scrutiny, though, things turn out to be more complicated. To begin with, while Leviathan increasingly appears as a separate entity turning against its citizens, this is merely an appearance because, mirroring the commodity in Marx's thought, it remains tied to its creator. Accordingly, 'when we speak of Leviathan we should be referring to controlling self-government, not some instrument manipulated by the decisions of others than ourselves' (Buchanan 1975: 149).

Thus, we are thrown back upon the thorny question as to how a democratic sovereign is to bind itself? This question comes with a number of problems. Those who are supposed to pass the laws effectively curbing the rent-seeking potential of democracy – that is, elected politicians – have no interest in doing so. At best, they enact mostly symbolic measures with multiple loopholes. To be sure, this plays into Buchanan's populist hands in that argument is, precisely, that political elites prosper at the expense of the people. But what is the solution?

At first sight, this may seem obvious: grant decision-making power to the citizenry through referenda and let them choose the rules, bypassing the cartel of party politics. Still, is there any reason to believe that the electorate will not only vote for lower taxes as in the case of Proposition 13, but also something like a balanced-budget amendment? There is considerable room for skepticism in this regard based on Buchanan's own assumptions. If fiscal discipline was held in such high regard among a majority of citizens, there would be no need for referenda or rules because parties could simply run on such a platform and hope to succeed – an option that Buchanan, therefore, must deny exists. This is only

consequential because the rent-seeking game is a two-way exchange, in which the blame can hardly be put exclusively at the feet of politicians or bureaucrats. After all, it is organisations rooted in economy and society that approach the political system with these demands and so, in different respects, it is the democratic sovereign itself – that is, the citizens constituting it – that is an integral part of the rent-seeking connection.

Consequently, when Buchanan describes the logic of self-binding rules – with reference to Robinson Crusoe building a primitive alarm clock to make sure he does not sleep-in as someone who ‘recognises his own imperfection in the face of possible temptation’ (Buchanan 1975: 93) – these are the characteristics of a wayward democratic sovereign that does not trust itself to abstain from the rent-seeking game. Still, can this sovereign then be trusted to give itself binding rules? There little reason to have confidence in its steadfastness in following through, even if the individuals constituting it were modelled as soberly calculating actors. But chances are even slimmer if we take into account the picture of the individual emerging from many of Buchanan’s analyses, which is one that enviously guards her freedom from any outside intrusion and is hypersensitive with regard to any impediment to her uninhibited will, likely including self-binding rules.

There are only two options left. One is to hope that during a small window of opportunity brought about by a major crisis, or other events that disrupt politics as usual, the people and/or its representatives take a heroic leap to enshrine a regime of rules and then, effectively, throw away the key needed to undo them. In other words, the sovereign would have to pass certain rules and, *ipso facto*, abdicate as sovereign so as to preclude a potential reversal. It goes almost without saying that this is not a realistic scencario, although the disappearance of sovereignty, or at least its diffusion, is a figure explicitly entertained by Hayek at some point.

The second option is at least as intriguing. This amounts to an explicit agenda of reforming the people (at least a sufficient number of them) and turning them into subjects willing and able to give themselves explicit rules and laws, and also make them subsequently superfluous as coercive laws backed by punishments because people would be willing to voluntarily adhere. Buchanan’s agenda, thus, comes to adopt a pedagogical dimension as well (Buchanan 2000), which is no small surprise given the typical claims to a staunch anthropological realism regularly put forward by liberals and conservatives alike, combined with

the admonition that political pedagogy is halfway to the totalitarian aspirations of creating a ‘new man’. Still,

to argue that the classical liberal does postulate the perfectibility of man is only to argue that we cannot, willy-nilly, take “man as he is” and expect idealised institutional structures alone to create the social order that we imagine to be possible. To me, it is naive to think that somehow man, as a product of combined biological and cultural evolution is necessarily qualified for membership in the liberal society. Man must be educated, both in ethics and in political economy, if he is to meet the standards (Buchanan 2005: 19).

Consider also this positioning: ‘in more general terms, this book is an expression of the hope that a new ‘civic religion‘ is on the way to being born [...] Our normative role, as social philosophers, is to shape this civic religion’ (Brennan and Buchanan 1985: 150). Thus, the dynamics of his theory lead Buchanan back to the thought of the Eighteenth Century, but not those quarters one would assume. Instead, they lead quite unexpectedly, to the familiar paradoxes and questionable resolutions of democratic theory and political pedagogy that have haunted thinkers dating back at least to Jean-Jacques Rousseau – a most surprising tradition to find oneself in as a neoliberal.

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THE UNDERBELLY OF LIBERALISM

Evan Jones

The philosophy of liberalism has been the subject of a vast but frustrating literature. Too much is oriented to the philosophy of liberalism, not enough to liberalism as it played out historically in politics and policy.

Liberalism is a protean philosophy, making a coherent articulation impossible. Moreover, the label has been much abused. Some literature equates liberalism purely with the philosophy of the freedom of the individual and embodying the moral imperative of such (*cf.* Ruggiero 1959). Some authors even grant to liberalism the source of all human progress in the last several hundred years (cited in Jones 1994).

On the contrary. Democracy is intrinsically universalist in conception. In contrast, liberalism (in practice and, hence, in essence) is selective in its intended beneficiaries. This article explores the contradictions inherent in liberalism and its neglected dark side, with particular reference to its character and evolution in Great Britain.

Liberty – universal or a class privilege?

The individual might well have been a beneficiary of liberation from forms of oppression over the Eighteenth and Nineteenth Centuries. However, this remained a selective outcome – applicable in some domains, for some classes, races, one gender and in some countries alone.

Probably the most significant domain in the which the individual was gradually liberated was that of religion. Much early liberalist thought was directed precisely towards the freedom of belief (*cf.* Martin 1954). However, this push for tolerance did not extend to freedom *from* belief, as

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early 'liberal' thinkers took fear and saw the desirability for religion pervasively, but especially amongst the lower orders to ensure the desired social stability.¹

The incoherence of liberalism only makes sense if interpreted as originating in a class-based philosophy. Liberalism in the abstract is universalist; liberalism in practice is class-specific. Historical context is everything.

The clash is present in philosophers of the liberalist cause but is obfuscated by selective readings by disciples and obliterated by propagandists. In the representative case of John Locke, the philosopher of individual (formally universal) liberty, Locke's own writings divulge his defence of select beneficiaries of colonial expansion in the 'virgin' territories of North America (Quiggin 2015; Losurdo 2011 [2006]).²

Occasionally, one gets explicit acknowledgement of the disjuncture between abstract universalism and specific class interest. Thus Harold Laski (1936: 15, 155) posits that:

the freedom [liberalism] sought had no title to universality, since its practice was limited to men who had property to defend. It has sought, almost from the outset of its history, to limit the ambit of political authority, to confine the business of government within the framework of constitutional principle [...] but the scope of the conscience it has respected has been narrowed by its regard for property, and its zeal for

1 Mill recounted, of the vast literature that underlay his education, a book drawing on some of Bentham's manuscripts as having had 'the greatest effect' upon him. Mill notes (1924 [1873]: 58): 'This was an examination not of the truth, but of the usefulness of religious belief, [...] most important in this age, in which real belief in any religious doctrine is feeble and precarious, [making] its necessity for moral and social purposes almost universal'. de Tocqueville was more class conscious (1983 [1858]: 154): 'Once the bourgeoisie woke to the fact that its seeming triumph was likely to prove fatal to it, it, too developed leanings toward religion. Thus little by little religion regained its hold on all who had anything to lose in a social upheaval and unbelief died out, or anyhow hid its head the more these men became alive to the perils of revolution.' A significant coterie of British Liberals were evangelical Christians, seeking to export Christianity (in conjunction with Liberalism) to the 'lesser' races.

2 The edited collection of Lott (1998), *Subjugation and Bondage*, not least the chapters by William Uzgalis and Tommy Lott, traverses in fine detail the logic-chopping in Locke's treatment of slavery. The fact is that Locke's philosophy of rights dwelt in a separate world to his active and senior role in American colonisation – slave- and servitude-based – from which he personally profited.

the rule of law has been tempered by a discretion in the breadth of its application [...]

For it has meant that liberalism, though it has expressed itself always as a universal, has, in its institutional result, inevitably been more narrow in its benefit than the society it sought to guide [...] Its universal, in a word, is a particular woven from a special logic unaware of its inherent limitations.

Guido de Ruggiero, in a generally uncritical discourse, writes as if in surprise (1959 [1927]: 127, 138):

Yet – so strong is class prejudice even in the most independent mind – the same [Richard] Cobden who demanded freedom for the working man opposed the reduction of the number of hours in the factories [...] it is impossible to reconcile his demand for freedom with his profound hatred and contempt for workmen's associations [...]

Liberalism had fought the aristocracy in the name of the general interest. But its actions showed itself attached to its own interest alone; and in its worship of freedom it permitted the unopposed development of the industrial system to result in the formation of an impassable gulf between masters and men.

C.B. Macpherson, influenced by Laski (*cf.* Townshend 2000), devoted a considerable *oeuvre* to highlighting the fundamental tension within liberalism. Macpherson's close interrogation of Hobbes and Locke and others (1962) highlights that behind the general proposition by these greats for individual liberty, their detailed exegesis turns it into a defence of the select liberty of the propertied. For Locke, the socio-economic conditions of the late Seventeenth Century are converted into natural law. Liberalism is born and nurtured while housing a fundamental contradiction.³

³ Macpherson's analysis of 'liberal democracy' (1977) is rather a discourse on the internal contradictions of 'liberalism' itself; or, more accurately, on the divide between two versions of liberalism – the 'market-based' class-structured 'possessive individualism' (legacy of Hobbes and Locke) and the potentially liberating universalist liberalism (purportedly derived from J.S. Mill and others). Macpherson rightly highlights that modern democracy (where 'democracy' is a proxy for Millian liberalism) has been an appendage to the profit imperatives that underpinned the birth of (bourgeois) liberalism. Surprisingly, his 'stages' model of liberal democracy (supposedly capturing the historical evolution of liberalism in practice) is unsatisfactorily crude.

Universal liberty disabused

That non-bourgeois classes might have taken the burgeoning philosophy literally as of universal import found themselves disabused of their interpretation and expectations. The account below draws, not unreasonably, predominantly upon Great Britain as, with France, the cradle of liberalism.

In this context, the disparity between the universal pretensions and contingent practical application of liberalism arises immediately during the English Civil War in the Seventeenth Century. Property-owning Puritans fought and propagandised for freedoms against Royalists. The Levellers (small property-owners) found themselves excluded and, in turn, excluded the property-less below them (Macpherson 1962: Part III; Hill 1969).

The hypocrisy of the universality abstraction is displayed during the evolution of the Eighteenth Century in Britain. Furthering the Tudor and Stuart enclosures, the eviction of tenants (engrossing) and the enclosure of the commons continued at a furious pace, continuing even to the mid-Nineteenth Century. Employers also moved to destroy workers' customary rights in by-products of their labour (woodchips, weavers' thrums, *etc.*) – important supplements to the livelihood of workers – and converting these traditional rights into claimed embezzlement (McNally 2011: 48).

Philip Corrigan and Derek Sayer (1985: 96ff.) note:

The prime force of the state was law [...] The problem was twofold: to legitimate the rights of property [...] and to police the labouring poor into the habituation of their stations [...] These [Enclosure] Acts of Parliament operate within wider fields of force which effectively naturalize and legitimise some material interests as proper (hence 'moral') whilst simultaneously making others 'unnatural', criminal, illegitimate and immoral [...]

The law was used not only to privatize as property what had been commonly enjoyed, but also – and inseparably – to render as crimes what had been customary rights, and to execute, transport [hence the origins of White Australia] or condemn to the hulks those subsequently criminalized.

(Bourgeois) liberty and brutal social repression were thus indissolubly two sides of the same coin.

David McNally notes the self-consciousness of those overseeing the process (1993: 19):

The use of common lands by labourers operates upon the mind as a sort of independence', wrote Mr Bishton in the Report on Shropshire, prepared for the Board of Agriculture in 1794. Enclosure of the commons would put an end to this state of mind. Once deprived of commons, he argued, 'the labourers will work every day in the year, their children will be put out to labour early' and 'that subordination of the lower ranks which in the present times is so much wanted, would be thereby considerably secured.

Political repression in Britain escalated after the French Revolution and during the Napoleonic Wars, with the establishment fear of domestic 'Jacobin' influence. War-time impoverishment and the post-war recession in the late 1810s led to ongoing rebellion and immediate repression. The rational pursuit by dissenters of manhood suffrage (embodied in the Chartist movement) was met with the massacre of protestors at Peterloo in August 1819.

The priority of Radical Liberals was free trade – the abolition of agricultural protection (the 'Corn Laws'). In their condescension, they presumed their priority should also be that of the working classes – heralded as means to lower the cost of living.

John Bright, quintessential economic liberal (albeit with advanced views on suffrage), shared with his Manchester colleague Cobden a distaste for any universality of individual rights. Quoting Dorothy Thompson (Roberts 2015: 32):

John Bright, alarmed by the strikes and demonstrations in his native Rochdale, wrote an open letter to local working men. In it he told them that any attempt to increase wages or to shorten hours was to go against the laws of nature.

Chartists cooperated with Free Traders but refused to be subordinated to the latter's agenda. Thompson again, referring to a joint gathering in Manchester of the Anti-Corn Law League and Chartists, in June 1842 (p. 33):

A resolution was put to the meeting calling for the repeal of the Corn Laws. [Chartist James] Leach responded with an amendment proposing the adoption of the Charter, and enquired: 'If the adoption of the Corn Laws were repealed tomorrow, what power would the people have to protect themselves from class legislation any more than they had now?'

The next day, the Leaguers wanted a meeting without the Chartists so that Leach's amendment could be omitted. Thompson cites Chartist historian R.S. Gammage (p. 34):

There was [...] something heroic in the attitude assumed by working men on the question. It was a battle of the employer and the employed. Masters were astonished at what they deemed the audacity of their workmen, who made no scruple of standing beside them on the platform and contesting them face to face their most cherished doctrines. Terrible was the persecution they suffered for taking this liberty. Loss of employment usually followed, but it was in vain that their employers endeavoured to starve them into submission.

Domenico Losurdo's *Liberalism: A Counter-History* (2011) raises the temperature of general critique. Losurdo emphasises the contemporary and complementary character of the entrenchment of slavery and the early Liberal age:

In the mid-eighteenth century, it was Great Britain that possessed the largest number of slaves (870,000) [...] Hence, there is no doubt that absolutely pre-eminent in this field was the country at the head of the liberal movement, which had wrested primacy in the trading and ownership of black slaves precisely from the Glorious Revolution onwards [...] Hence slavery in its most radical form triumphed in the golden age of liberalism and at the heart of the liberal world (p. 35, 37).

Complementary to the entrenchment of slavery was a 'master-race' land grab on an almost planetary scale (p. 229), involving decimation and destruction of indigenous populations. For Americans, it was to fill and make good an 'empty cradle'; White Australia had its comparable *terra nullius*.

Slavery and racial cleansing were legitimate for the colonies, albeit dubious for pristine British home soil. But what of the vastly numerous labouring classes? In England, 'exclusion [amongst the white community] from the enjoyment of legal equality and negative liberty was much more widespread [than in America]' (p. 109)

Losurdo notes, 'authors of the most varied political persuasion compared slaves across the Atlantic with suffering workers in England' (p. 111). Thus, Edward Gibbon Wakefield in 1834 (p.112):

[T]he privileged classes of our rural districts [...] enclose commons. They stop footpaths. They wall in their parks. They set spring-guns and man-traps [...] They build jails, and fill them. They make new crimes and punishments for the poor. They interfere with the marriages of the

poor [...] They shut up paupers in the workhouses, separating husband and wife [...] They hardness poor men to carts. They superintend alehouses, decry skittles, deprecate beer-shos, meddle with fairs, and otherwise curtail the already narrow amusements of the poor.

As for colonised Ireland, citing the Liberal Anglo-Irish historian William Lecky (p. 117):

British legislation aimed to deprive the Irish of their ‘property’ and ‘industry’; it ‘was intended to make them poor and to keep them poor, to crush in them every germ of enterprise, to degrade them into a servile caste who could never hope to rise to the level of their oppressors.’

Master and servant in Britain and the Empire

That ‘liberty’ and ‘freedom’ were class-specific is also reflected in the elaborate infrastructure of Master-Servant legislation and practice in Britain and its colonies and dominions (Hay and Craven 2005).

Master-servant statutes and deliberations by an unaccountable presiding magistrature highlight that unfree or indentured labour was an integral dimension of the early Liberal age. It continued as a site of heated contestation throughout the Nineteenth Century; its appropriation for bourgeois control is reflected in the tendency for industrial employers to replace titled landowners as magistrates (Hay and Craven 2005: Ch. 12).

Wage labour must inevitably be subject to regulation in some form – one of the grand evasions of liberalist ideology. In spite of gradual rollback, through collective worker campaigns, of the persistent abuses of the magistrature in the interests of employers, the hierarchical character of the master-servant relationship became incorporated into modern employment law (Merritt 1982). The idiom of structured subordination was translated in the Twentieth Century as ‘managerial prerogatives’.⁴

Liberalism transformed as pragmatism transcends dogma

The restricted *Reform Act* of 1832 tolerated only the ascendancy of the upper bourgeoisie to the franchise. With pressure from below, the *Reform*

⁴ The farce of the latter-day legal disputation over the employment status of Uber transporters – subordination labelled as freedom and autonomy – reproduces this long-term obfuscation.

Acts of 1867 (implemented by an opportunistic Conservative Party, following failed efforts by the Radical Liberals) and of 1884 (legislated by the Liberal Party) extended the vote to 60 per cent of males (still requiring a property-owning qualification).

Material circumstances, pressure from below and pressure from above in the form of moralistic Conservatives led to dramatic and ongoing ‘interventions’ by the centralised state over the course of the Nineteenth Century: less brutal repression, more infrastructure and social concessions. There followed legislation and new institutions regarding public health, working hours and conditions, adulterated product regulation, housing, public education, and so on (Fraser 1973: Ch. 5).

There evolved, *after the events*, a modification of liberalist philosophy to catch up with the times – a ‘new’ or ‘social’ liberalism.⁵ Many contemporary Liberals were strongly opposed to such developments.

The British Liberal Party was politically the embodiment of Nineteenth Century liberalism, and its trajectory to World War I reflects the contradictions of that ethos. The Party was born out of the aristocratic Whig Party but underwent a long transition between 1839 and 1868. Some Parliamentary members were acquiring ‘social liberal’ sympathies, buoyed by working class electoral support. From this novel orientation, legislation ensued but was increasingly blocked by the House of Lords, the entrenched repository of reaction.

The Party remained divided over measures of economic and social reform. George Dangerfield’s masterly *The Strange Death of Liberal England* (1980 [1935]) tracks the Party’s conflicted trajectory. Dangerfield notes (p. 15):

The Liberals still cherished at heart the teachings of Cobden and Bright [Free Trade], believed that state intervention was unforgiveable, and watched with a growing apprehension the abyss which was opening between their theory and practice. That abyss was eventually to swallow them up.

By the 1860s, Liberals of all stamps were faced with the moral dilemma of the destitution of married women. Thus, Liberal governments under William Gladstone passed the *Married Womens’ Property Acts* of 1870 and 1882. Enlightened? Ben Griffin’s penetrating analysis of the background to these *Acts* (Griffin 2003) highlights classic Liberal hypocrisy at work.

⁵ The vision is readily outlined in Leonard Hobhouse’s *Liberalism* (1964 [1911]).

Liberal Parliamentarians were fearful that principled legislation would undermine the patriarchal imperative within the domestic sphere of their own classes. The resulting *Acts* transformed gender subjugation into a class-based problem, with the measures directed to protecting working class women's meagre property against appropriation by their avaricious and brutal husbands.

The Liberal Party's paternalism towards labour led to the creation of the Independent Labour Party in 1893 and the Labour Representation Committee in 1900 – renamed the 'Labour Party' in 1906, to which the ILP joined. The 1906 election brought in a majority Liberal government but also fifty-three Labour representatives. Liberalism no longer represented the parliamentary 'Left', and the Party could no longer repel working class pressure at its discretion.

The conflict with the Lords reached its denouement when Liberal Treasurer Lloyd George introduced the budget of 1909-10, which opportunistically incorporated progressive tax measures partly to fund new welfare structures, belatedly embodied in the contributory *National Insurance Act* of 1911 (devoted to health and unemployment insurance).⁶

Material circumstances and a new balance of social forces underpinned pressure for such reform. These forces included the work of social reformers like Charles Booth who disclosed the depth and scale of poverty amongst plenty. The fragility of British soldiery during the Boer Wars further exposed working class impoverishment. Thus did the Liberal Party legislate for labour exchanges (drawing on expertise of the young William Beveridge), old-age pensions (1908, funded out of taxation), school meals and school medical inspections (1906-07), trade boards (minimum wages setting), and a redistributive budget precedent (Fraser 1973: Ch. 7).

Many such services could have been provided under the extant *Poor Law* administration, but at the cost of moral reproof, incarceration and disenfranchisement of its recipients – inducing many in need to avoid seeking assistance. These developments were instrumental in ushering in a system based on rights (the reputed cause removed from the individual to ills of the system itself) and signalled the beginning of the dismantling of the hated Victorian-era *Poor Law* structure.

⁶ The budget was dubbed the 'People's Budget', but this label hides that a key reason for raising taxes that would hit the wealthy was to renovate military preparedness as war clouds beckoned.

The motivation owed much to political expediency. The Liberals had to head off the surging Labour Party 'at the pass'. Moreover, the country had to head off the attraction to socialist ideology. Select Liberals travelled to Germany to examine the Bismarckian welfare system that the British estimated had successfully undermined radical sentiment in Germany.

The House of Lords had its reactionary collective back to the wall, but it was in other areas that the Liberal Party's post-World War I decline into marginal status was settled.

The earliest counterweight to its ascendancy was how the mother country dealt with its acquired colonies and empire, notably India. The Liberal vision of imperialism reigned by mid-Century, represented by James Mill then J.S. Mill (Sullivan 1983) and, notably in practice, by Thomas Macaulay and Lord Dalhousie. The reputed barbarism, decadence and indolence of Hindu-dominated India was to be overcome by the imposition (itself despotic but justified) of the British Liberal canon on India, not least via the English language and English literature as an early version of 'soft power'. Behind the Liberal vision was the creed of the 'perfectibility of man' – the subject races were inferior but, with patient tutelage, they would eventually assimilate to British values and institutions (Metcalf 1995; Mantena 2010).

The Liberals' dominance of policy towards India received a brutal check with the Indian Mutiny of 1857. It received a death blow with the rebellion of ex-slaves in Jamaica in 1865 and its brutal suppression by the local administration. Thence the ascendant respectable opinion was that the inferior races are not like us – they are (at worst) intrinsically inferior or (at best) different from us. The Liberal vision and its influence were soon eclipsed, and the Tories (formally the Conservative Party after 1834) subsequently became the natural political home of British imperialism. The occupation of Egypt in 1882 under Gladstone's Liberal administration (Taylor 1969/1957: Ch. III) represented capitulation without shame to the new era of British imperialism.

Dangerfield (1980 [1935]) emphasises three further issues that ensured the Liberal Party's decline. The first, Irish Home Rule, split the Liberal Party itself in 1886, with the 'Liberal Unionists' moving into coalition with the Tories. Home Rule was merely the tipping point. The crises in India and Jamaica had deepened the divisions; evolving male suffrage and the presumed threat of socialism at home and domestic copying of Irish

uprisings had the conservative Liberals switching allegiance, accompanied by substantial sections of the respectable intelligentsia (Roach 1957).

Liberal Prime Minister Gladstone's *Home Rule Bill* failed in 1886. The Lords' rejection of the Liberal Government's 1909 Budget forced another election in January 1910, which dramatically reduced Liberal Party seats. The ensuing minority Liberal Government needed the vote of Labour and Irish MPs⁷ to pass the resuscitated 1909 Budget. This support required the *quid pro quo* of Home Rule which the Liberal Party now considered an albatross around its neck.

Two other issues reflected the inherent limitations in Liberalism itself. The second was the fight for women's suffrage (Dangerfield 1980/1935: Ch. 3). Liberal Prime Minister, Asquith, was evidently committed to making no concessions, with the patriarchal imperative still firmly embedded in the Party. However, the endless torture via forced feeding of imprisoned suffragettes and the death of Emily Davison under the King's horse in June 1913 irrevocably killed the 'liberalism' of the Liberal Party.⁸

The third was the working class revolt against its partial impoverishment, endemic insecurity and universal subordination. Labour Parliamentarians and many trade union leaders were meek, but the Liberal Party was the force to be overtaken:

[The Liberal Government] was dying with extreme reluctance and considerable skill [...] that fine Liberal Hegelianism of at once believing in freedom and not believing in freedom was beyond the understanding of all but the elect. To interfere in the question of pensions, health, strikes, education, conditions of labour – ah, yes, this could be done; to destroy the absolute power of the Lords, to cripple the vast landed estates – such actions were highly desirable: but to insist that employers should pay a living wage? That was a frightful impairment of freedom (Dangerfield 1988/1935: 226)

But, slide and wriggle as it would, there was a doom which it could not evade. The millstones of Capital and Labour, the upper and the nether, grind slowly but exceedingly small, and Liberalism was caught between

7 Their presence in the House of Commons was courtesy of the 1801 Act of Union, an entrenchment of the English colonisation of Ireland.

8 The Labour Party included female suffrage in its 1912 platform. Women over 30 were granted the vote in 1918 (as well as all males over 21). Women over 21 were admitted to the suffrage in 1928.

them. It might put off the evil hour, poor slippery old faith, but they would crush it in the end (Dangerfield 1988/1935: 229).

In short, the British Liberal Party was a Party of the Victorian Nineteenth Century, making substantial concessions to social liberalism, but still rooted in the tenets of classical liberalism which time had rendered obsolete. Essentially, for all its factions, it was a party of a pre-democratic age.⁹

The towering figure of J.S. Mill

J.S. Mill is a key figure in Nineteenth Century British liberalism. Mill is a giant of liberalism *per se*, such that subsequent exegesis has been overwhelmingly praiseworthy, indeed idolatrous. Not merely a grand philosopher and theorist, he was an indefatigable contributor to public debate and Member of Parliament during 1865-68.

However, Mill's vision was deeply contradictory, straddling two contrary liberalisms.¹⁰ Mill was an integral member of the Radical Liberals, who lamented the miserly electoral gains from the 1832 *Reform Act*. Yet he remained committed to Classical Liberalism (in spite of his musings on socialism) to the end. Undoubtedly his self-submersion and attachment to the rigors of Classical Political Economy (Mill 1859) contributed mightily to his faith. He retained a purist commitment to 'free trade' and 'competition' in the abstract.¹¹

In some of Mill's most quoted works there is minimal acknowledgement and account of the convulsions of his time. Those mentioned in his *Autobiography* are mostly external to Britain, as in 1830 and 1848 France, Ireland (with English culpability ignored) and the 1865 Jamaican Morant Bay massacre (Mill 1924 [1873]).

9 The Liberal Democrats (following the 1988 merger of the Liberal Party with the Labour breakaway Social Democrats) were the junior partner in the Conservative government from 2010-15, tolerating the undermining of public infrastructure and living conditions of the underprivileged. They were rightly decimated in the 2015 election. The main plank of the Liberal Democrats in the 2019 election was to keep Jeremy Corbyn's Labour out of office.

10 See footnote 3 above.

11 Competition was even an undiluted vehicle for good in the labour market, a 'source not of low but of high wages' (Mill 1859: Book IV, Ch.7, §7).

Mill's life and intellectual and political concerns were permeated by a consciousness of class. He had contempt for the aristocracy's 'Old Corruption'. He sneered at the middle class' supposed pecuniary obsessions. He was endlessly dismissive regarding the working class' supposed lack of capacity for its own self-improvement. He supported working class political aspirations but opposed male suffrage as the time was not right (Mill 1924 [1873]: 247). Education was the vehicle for improvement and, in the meantime, deference to one's betters was appropriate. He was passionate about the rights of women, but that meant suffrage for women of property.

Yet the nature and sources of contemporary class warfare, and the basis for his prejudices and omissions, is perennially ignored or obfuscated in key writings where such treatment should naturally appear. Mill rightly found slavery abhorrent, but there is no evident concern for the pervasiveness of unfree labour. Mill supports the right of trade unions to exist but, due to the supposed iron law of markets, opines that any successful achievement of wage rises can only be to the detriment of the consumer and other workers. A rare mention of wage labour in his *Autobiography* (Mill was addressing an audience as a parliamentary candidate in 1865) is condescending (p. 241):

In the pamphlet, 'Thoughts on Parliamentary Reform,' I had said, rather bluntly, that the working classes, though differing from those of some other countries, in being ashamed of lying, are yet generally liars.

Mill declines to explain this preposterous claim and congratulates himself on his openness before the mostly working class audience.

In 'The Claims of Labour' (Mill 1967 [1845]) Mill uses a pamphleteer's title to publicise his then fear. A rash of organisations were being created with the intent to improve the lot of the lower orders – a development that Mill called 'fashionable' but treated as misguided, indeed dangerous. The state could assist by dismantling its own barriers to improvement – abolishing the Corn Laws and enabling limited liability business incorporation (for workers to become self-employed). However, improvement is to be found essentially in the worker's own hands, based on self-discipline, not least by restricting their own reproduction and collectively heading off the Malthusian terror of overpopulation. In this essay, there is one mention of historical enclosures, albeit in paragraphs so opaque that it is hard to overlook Mill's indifference to that long, brutal

process by which a British working class was created and forced into servitude.

In Mill's much-quoted Chapter in his *Principles*, 'On the Probable Futurity of the Labouring Classes' (1869: Book IV, Ch. VII), he labours his obsession in a sub-section headed 'The future well-being of the labouring classes principally dependent on their own mental cultivation'. The centrality of the chapter is devoted to recommending two means of self-improvement – profit-sharing within their employed enterprise (though remaining at the discretion of the employer) and the formation of co-operative enterprises. The latter form was then in active development with no help from Mill.

The divergence between class interest and universal liberty is most significant in Mill's celebrated *On Liberty* (1972 [1859]). It is a sustained declamation regarding the rights of the individual against potential oppression by the state or societal dictates. Radical for his time, he reflects on freedom from religious intolerance, polygamy, eating pork, prostitution, gambling, and so on.

However, there is no word in *On Liberty* on the implications for universal liberty of a labouring class defined by compulsion for survival. There is no mention of the scandal of the workhouses as centrepiece of the 1834 *Poor Law*. Mill supported the *Poor Law* as centralising authority and administration, in contrast to the inefficiencies of the previous local paternalist structures of relief. The discourse floats abstractly, ignoring the harsh reality (enforced by state instrumentalities) of the power of capital over labour. Overwritten, as was Mill's wont, *On Liberty* reads partly as a naïve self-help manual (borrowed from Wilhelm von Humboldt) and extensively as pop sociology.

Even as a (Radical) Liberal, he has some peccadilloes. Mill (following his father) worked for years for the British East India Company (1823-58) – that splendid vehicle for the exploitation on a grand scale of India – until its dissolution. He was fearful of democracy (his concern for the much quoted 'tyranny of the majority', borrowed from de Tocqueville). He was opposed to universal suffrage. He supported plural voting, not on the detestable basis of property but on the basis of superior knowledge. He favoured the retention of capital punishment. He was in favour of colonisation, bringing civilisation to the lesser races and an improved standard of living to emigrés from the metropolis (Mill 1869: Book V, Ch. XI, §14). He lamented the devastation wrought by the Irish famine,

recommended practical measures to offset the distress, but found no fault in brutal English overlordship and was subsequently opposed to Irish Home Rule. He constructed a new defense of ‘liberal imperialism’ (Sullivan, 1983). His view of the appropriate domestic role of the state was determined on *a priori* principles (Book V, Chs. X and XI) rather than on the exigencies of an evolving capitalist economy. He uncritically favoured the newly emerging joint stock corporation, seeing it as a force for greater efficiency and potential outlet for worker emancipation and improved societal well-being.

The historical economist T.E. Cliffe Leslie was prescient on the contradictions of Mill’s genius (1888 [1876]: 168):

[Mill] had been brought up in the straitest sect of the abstract economists, and his method was formed before his mind was matured; so that there is no systematic investigation in his treatise [*Principles of Political Economy*], although it abounds in luminous suggestions, and corrections of the crude generalizations of the school in which he was taught.

Essentially, J.S. Mill was an egghead, with an unparalleled learning and formal capacity for analysis, courtesy of his disciplinarian father’s teaching. However, this privileged asset appears to have inhibited him in understanding what ought to have been transparent. Perhaps he saw it, but didn’t want to know.¹²

The joint stock limited liability corporation: its unacknowledged implications for liberalism

Early corporations, involving an agglomeration of capitals, were dependent on a privileged charter from the crown or the state. From the late Eighteenth Century, industrialisation brought demands for greater

12 Karl Marx, resident in London since 1849, doesn’t exist for Mill. Marx’s first volume of *Capital* was published in German in 1867, but English and French editions were published only after Mill’s death in 1873. Yet Mill was well familiar with the activities of the International Workingmen’s Association (the First International) and had personal intercourse with its English associates (Feuer 1949). There is a smattering of generally dismissive references to Mill in Volume 1 (Marx 1976 [1867]: passim.). However, Marx singled out Mill from the ‘apologetic vulgar economists’ in noting Mill’s concern for the working class, but claimed that, with its ‘shallow syncretism’, Mill’s oeuvre became incoherent ‘in his attempt to reconcile the irreconcilable’ (p. 98).

scale and concentrations of capital. Thus began the halting move to general incorporation laws during the Nineteenth Century.

The trajectory varied across countries. In the UK, general *Incorporation Acts* (1844, 1856, 1862) and a *Limited Liability Act* (1855) were passed. The bulk of incorporations were in the capital-hungry fields of railways, shipping and mining. However, only during the hard times of the Great Depression (1873-1896) was greater use made of these options.

In the US, the States inherited dominant authority over corporate chartering, with a general tendency to strict control over terms. However, State prerogatives faced pressure from growing interstate commerce. There then ensued jurisdictional competition in facilitating unrestricted general incorporation laws. The *New Jersey Act* of 1875 opened the floodgates, amended in 1888 to allow inter-corporate share ownership (and thus the Trust movement, facilitating cartelisation). These extravagant changes led to some regulatory pullback, but the marginal State of Delaware responded with the open-ended *Incorporation Act* of 1899 (Poitras 2016). Delaware remains the centre for US business incorporation.

Running parallel was a development of equally momentous significance – that of the incorporated firm as a separate legal personality. In the UK, the development appears to have happened pragmatically, driven by court decisions, in which joint stock company shares were gradually interpreted as ‘autonomous forms of personal property independent of the assets of companies’ (Ireland 1996).

In the US, several centuries of corporate-initiated litigation has produced an ongoing expansion of corporate rights, not least via inserting corporate personhood into the 1868 Fourteenth Amendment, which had been legislated to guarantee civil rights regardless of race (*ie.* to ex-slaves). A key moment for such acknowledgement is the 1886 Supreme Court judgment in *Santa Clara County v. Southern Pacific Railroad Co* (Winkler 2018: Ch. 4).¹³

Public and political concern in the UK with this institutional evolution appears to have been early focused on unscrupulous manipulation of the

13 The Santa Clara judgment itself, determined on a technicality, did not hinge on the recognition of Fourteenth Amendment rights to the corporation as person. However, a series of wilful misinterpretations by Justice Stephen Field and co-conspirators resulted in Santa Clara becoming de facto taken as a landmark precedent for corporate rights.

market in shares. No-one in the Liberal tradition, including the economists to whom posterity has granted immortality, appears to have taken concern at the potentially serious implications for their faith.¹⁴ In the US, by contrast, substantial resistance developed to the combination of permissive legislation, menacing business structures and court judgments, in the context of escalating levels of predation by these new vehicles against wage labour, small business and the farming hinterland.

Thus arose the corporate form as enduring monolith in an era even before universal adult suffrage had been obtained. The prospect of universal individual freedom, apart from its intrinsic subordination to class structure, had been nipped in the bud before it had the opportunity of flowering. It was transparent that these new creatures exerted preponderant influence on governments, public policy and the courts. Subsequent developments in antitrust/restrictive practices law and regulation have ultimately proved insignificant in countervailing impact.

It is staggering to consider that this revolutionary transformation of the socio-economic system has henceforth been obfuscated, marginalised or ignored in relevant analyses. The Economics profession contemporaneously moved to separate and distinguish itself with the construction and entrenchment of neoclassical economics, which obliterates the corporate form. The tradition of American Institutional Economics that has sought to emphasise structural corporate power (*cf.* Blair 1972) has long been marginalised. Academic political science complemented this marginalisation by redefining liberalism as ‘pluralism’, whereby acknowledged repositories of power are offset by other repositories of countervailing power. US mainstream economics later responded to ongoing post-World War II niggling by antitrust authorities with the concept of ‘contestability’, obliterating anew corporate power (Shepherd 1995). Libertarianism, neoliberalism and the economic theory of politics, see only a single dangerous power inhibiting liberty – that of the state – and, ignore the corporate form completely.

14 Liberal MP, Robert Lowe – tagged by supporters as ‘the father of modern company law’ – supported business incorporation simply as an application of the Classical Liberal tenet of freedom of contract.

Wage labour revisited

The battle of the American Federation of Labor during the late Nineteenth Century to offset corporate employer oppression, ratified by the courts, is instructive regarding liberalism's essential hypocrisy with respect to wage labour (Forbath 1991). AFL President Samuel Gompers claimed in 1901 (p. 131):

[The whole gospel of the labour movement is summed up in] freedom of contract – organized labor not only accepts, but, insists upon, *equality of rights and of freedom*.

Why does wage labour not have it? Forbath offers a familiar refrain (p.133):

Thus, trade unions uncovered the common law's contradictory commitments to competitive freedom on the one hand and security of property interests and contractual expectations on the other.

The AFL also argued that labour's structured subordination was akin to a form of slavery, formally now banished. The AFL even succeeded in having a section included in the Democrats' 1914 *Clayton Act* declaring that 'the labor of a human being is not a commodity'.

The AFL did win over some judges who saw the claimed contradictions and it achieved for a period some industrial rights against the tyranny of court injunctions. Ultimately, however, the AFL reinforced its incorporation into capitalist imperatives by fighting within the liberalist creed. As in Britain and its Empire, the entrenchment of 'managerial prerogatives' subjugated wage labour's liberty (*cf.* Atleson 1983).

Another dimension that confronted the contradiction and hypocrisy of liberalism played out in the cultural sphere in industrialised countries. By the late-Nineteenth Century, and especially following World War I, the craft labour aristocracy wanted to work less and enjoy a more balanced life. The 8-hour day movement was the public reflection of this movement. Such labour also wanted to acquire some of the culture of their 'betters'. They were pursuing what J.S. Mill opined was an essential trajectory for them to acquire respect from their betters and be worthy of the vote in the bargain.

Yet such aspirations ran into a headwind (Cross 1993). Much of the employing class and elites did not savour a 'levelling up'. The US National Association of Manufacturers' President claimed in 1926 (p. 16):

it is time for America to awake from its dream that an eternal holiday is a natural fruit of material prosperity [...] I am for everything that will make work happier but against everything that will further subordinate its importance [...] the emphasis should be put on work – more work and better work, instead of upon leisure.

According to Cross (p. 38):

French employers continued to argue that ... leisure would dissipate the majority who lacked the training and intelligence to make proper use of unregulated time. In 1922, [industry economist] André François-Poncet declared that the only beneficiary of the eight-hour day was the cabaret; and conservative Deputy [Prosper] Josse claimed that the eight-hour law had created a 'moral crisis', and was a 'symbol of laziness'.

Essentially the labour proponents aimed to construct a pre-industrial culture in an industrial age with higher living standards, not dissimilar to later 'anti-growth' movements. For employers, this push represented a dangerous intrusion on work discipline *per se* – at stake was the entire mentality of workers and their families that reinforced workplace culture. The employing class interpreted this seemingly innocuous claim, consistent with their own creed, as a significant threat.

The far-sighted auto manufacturer, Henry Ford, envisaged a solution – tie workers to the job by paying them higher wages and let them escape into consumption. Thus was born the culture of 'work and spend'. The automobile and household items provided the first salve. In ensuing decades, a strategy structured around 'Fordism' has survived a more hydra-headed workplace structure prevailing in the West. The later development of the electronic age and 'must-have' gadgetry, beyond the wildest imagination of previous generations, has deeply entrenched the primacy of the workplace and its key principle of subordination.

The liberty of the individual as worker is thus channeled by the historically strategically-crafted mores in which s/he lives.

The triumph of 'liberal democracy'

During the Twentieth Century, 'liberalism' morphed into 'liberal democracy'. The term's emotive power lies precisely in its lack of definition. The strictures of critics like Macpherson have been obliterated, and the label is used crudely as being synonymous with 'the free world'.

In polemical Cold War exchanges attacking the-then ‘totalitarianism’ of the Soviet Union, transparent relative freedoms of many Western citizens substituted for the necessity to look behind the label. The implosion of the Soviet Union in 1991 was liberal democracy’s finest hour.

However, behind the West’s triumphalist label are myriad anomalies. They are inconsistent with the conditions for personal liberty. They are observable to anyone with the mildest curiosity but are all compartmentalised into a parallel world that only heretics dare to enter.

The most pronounced ‘disconnect’ is in the entire history of the USA. It is built on indigenous genocide and black slavery. After the Civil War, the Republican Party was taken over by corporate business which (with the courts onside) proceeded to engage in a brutal oppression of wage labour and exploitation of small business and farmers. The South readily obliterated the formal liberation of the ex-slave population. Inbuilt expansionism extended West across the Continent, appropriating Mexican territory. Under the rhetorical auspices of ‘Manifest Destiny’ (Weinberg 1963 [1935]) and the Monroe Doctrine, it then established suzerainty over the entirety of Latin America and the Spanish Philippines. In the long-term, domestic dissident opinion and activism has been perennially treated savagely (Goldstein 1982).

Subsequently, by leveraging its escalating power during and after World War II, the US sought no less than institutionalised global control. It proceeded to act accordingly: toppling governments at will (Blum 2014) – the Soviet Union being a temporary inhibition – and expanding its range globally since 1991. Simultaneously, Cold War institutions and ideology were a conscious vehicle to control and repress the domestic population (Chomsky 1981). On race, only as recently as 1964 in the *Civil Rights Act*, did the black community receive citizenship rights.¹⁵ Yet, disproportionate incarceration rates amongst African-Americans, a community vulnerability to police violence and ongoing voter disenfranchisement, all highlight that the tangible outcomes continue to run contrary to the formal symbolism of 1964.

15 The tangible liberation of the American black community from its dis-empowered status was partially an indirect product of the Cold War. Given Soviet counter-propaganda, the US confronted that is propaganda centred on the ‘freedom of the West’ was obscenely hollow in the face of ongoing black community oppression.

Great Britain formally lost its Empire following World War II, but has retained its imperial arrogance – perennially intervening (generally surreptitiously) in overseas sovereign countries (Curtis 2003). France – birthplace of *liberté, égalité, fraternité* – escaped from the tyranny of German Occupation in August 1944. Yet it immediately engaged in the brutal repression of its colonial populations in the Maghreb and Indochina (with an hypocrisy matching Napoleon’s suppression of the 1791 revolt in Saint-Domingue), continuing for another 18 years.¹⁶ Lesser white settler colonies (including Australia) pursued with alacrity the extermination or marginalisation of indigenous populations.

A telling instance of Western liberalist hypocrisy was in the annexation and despoliation of East Germany (GDR) by West Germany after 1990. A December 1989 poll had 71 percent of the population hoping for a separate democratic GDR. According to Knaebel and Rimbart (2019: n.p.):

With US backing, and no opposition from a weakened Soviet Union, West Germany under conservative chancellor Helmut Kohl took over within a few months, annexing a sovereign state, liquidating its economy and institutions, and transplanting a neoliberal capitalist regime.

The GDR population was seduced by the offer of currency equality, though the Deutschmark was then worth 4.40 Ostmarks. Subsequently, the West German Christian Democratic Union Party won a dirty election in March 1990, but many regretted their choice. The *Truehand*, created to oversee the GDR’s significant industrial and commercial assets, engaged in plunder and liquidation on a vast scale, to the profit of West German business and consultant parasites. Mass unemployment and large-scale migration of the GDR professional classes resulted. In particular, women lost gender equity in the face of conservative West German patriarchy.

Conclusion

Liberalism, purportedly denoting freedom of the individual, was always and everywhere intended selectively. Ideology and practice always diverged. Four key domains matter. First, the imperialist imperative of its

¹⁶ France still seeks indirect control of its former sub-Saharan African colonies via the CFA franc (recently replaced by the equally onerous ECO) and intermittent military interventions.

proponents.¹⁷ Second, the imperative of subjugation or subordination of peoples distinguished by race and/or gender.¹⁸ Third, the imperative of subjugation and subordination of wage labour. Fourth, the subjugation – both corporeal and civic – from the late-Nineteenth Century onwards, of the individual person by the convenient fiction-turned-monstrous-powerhouse that is corporate personhood.

‘Capitalism’ doesn’t exist in the pantheon of Liberalism. In the Classical Liberal era, defence of property was the watchword. Capitalism was acknowledged in the early days of ‘social liberalism’ but has since disappeared from the language of liberalism. Capitalism inherited racial prejudice and patriarchal dominance and has accommodated both to its own ends. With the necessary denial of full rights of individual freedom to wage labour, capitalism has vitiated any claims that liberalism/liberal democracy has to being a coherent creed. Finally, with the rise to overwhelming power of the corporation, with general political and legal immunity for criminality, liberalism/liberal democracy loses any claim to credibility.

Liberalism and its latter day variant, liberal democracy, are, in the hands of representative proponents, pure ideology – *de facto* vehicles for anti-egalitarian propaganda and practices. Academia is a haven for such processes – generally reflecting naïve ivory tower mentalities. Steepening oneself in history is a key means of escaping capture by this large-scale process of misrepresentation and deception.

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¹⁷ Recent select imperial interventions have come under the rubric of ‘responsibility to protect’ – that is, explicitly under cover of liberalist ideology.

¹⁸ Notably, female suffrage was not granted in France until 1945, and not fully until 1965!

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STAKEHOLDER CAPITALISM AGAINST DEMOCRACY: RELEGITIMISING GLOBAL NEOLIBERALISM

Kyle Bailey

In July 2020, former US Vice President and then-Democratic presidential nominee, Joe Biden, proposed to ‘put an end to the era of shareholder capitalism – the idea that the only responsibility a corporation has is to its shareholders’ (Biden 2020). In doing so, he seemingly rejected a core axiom of neoliberalism as it has unfolded over the last four decades: namely, Milton Friedman’s idea that ‘the social responsibility of business is to increase its profits’ (Friedman 1970). With this pronouncement, Biden aligned himself to the Business Roundtable’s earlier statement redefining the purpose of a corporation as promoting ‘an economy that serves all Americans’ rather than just shareholders (BRT 2019, 2020). It is, thus, likely that ‘a Biden Administration will be supportive of measures that convert the Business Roundtable’s central themes of stakeholder capitalism into law and regulation’ (Peregrine 2020).¹

Biden is not the only neoliberal Democrat to have championed ‘stakeholder capitalism’, which holds that corporations should support ‘long-term’ value creation rather than maximising shareholder value at

¹ This restructuring has already begun in earnest. Most significantly, in August 2020, the Federal Reserve announced a new long-term monetary policy strategy, tolerating temporary increases in inflation to achieve ‘broad-based and inclusive’ growth and ‘foster economic conditions that benefit everyone’ (Politi et al. 2020). After a decade of austerity, economic orthodoxy within the core capitalist states has also shifted towards greater tolerance for ‘fiscal activism’ (Giles 2020).

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the expense of key stakeholders such as customers, employees, suppliers and communities. In the run-up to the 2016 US Presidential Election, Hilary Clinton took aim at ‘quarterly capitalism’ and called for ‘a new generation of committed long-term investors to provide a counterweight to the hit-and-run activists’ and ‘save capitalism for the twenty-first century’ (Clinton 2015; Frizzell 2015). Similarly, high on the list of candidates to serve as Clinton’s Treasury Secretary was Laurence Fink, CEO of BlackRock – the world’s largest asset management fund and Wall Street’s ‘sustainable darling’ (Dembicki 2019; Edsall 2015; King Jr. 2015). Fink’s letters to CEOs have argued that ‘every business needs a purpose [...] purpose is not the sole pursuit of profits but the animating force for achieving them’ (Ignatius 2015; Kehoe 2018; Fink 2020). BlackRock’s top team also includes numerous former Treasury officials and close Clinton advisors (Dayen 2015, 2016; Karabell 2015).

The growing political economic significance of ‘stakeholder capitalism’ is also reflected in a lively debate between Friedmanites and their mainstream critics over whether to jettison shareholder value-maximisation (Sorkin 2020; ProMarket 2020; Project Syndicate 2020).

On the anti-Friedmanite wing, the founder and executive chairman of the World Economic Forum (WEF), Klaus Schwab, recently claimed that ‘the [COVID-19] pandemic has hastened the shift toward a stakeholder model of corporate capitalism’. Criticising Friedman’s doctrine of shareholder primacy for not considering ‘that a publicly traded company might be not just a commercial entity but also a social organism’, he called for world leaders to ‘move on from neoliberalism in the post-COVID era’ (Schwab 2020). The *Financial Times*, leading universities and business schools agree (Financial Times 2019; Mayer 2019; Sharman 2019; Oxford Saïd Business School 2019; Cambridge Institute for Sustainability Leadership 2020).

Such developments reveal the extent to which capitalism’s multidimensional organic crisis has delegitimised the neoliberal ideology of ‘free markets’. With the so-called ‘return of the state’ after the 2007-08 global financial crisis (GFC), the rise of political leaders openly disdainful of globalisation, growing recognition of the climate emergency, and the added exigency of the Coronavirus pandemic, will neoliberalism finally wither away amidst insurmountable political opposition? Could a form of ‘stakeholder capitalism’, ostensibly putting

people and planet before profit, provide one possible avenue for a post-neoliberal break?

Drawing on a larger case study of Unilever – an Anglo-Dutch global consumer goods firm occupying a central place within the stakeholder capitalism ‘movement’ – this article argues that ‘stakeholder capitalism’ presents an autocritique of neoliberal *ideology* only to buttress *class forces* and *institutions* in the vanguard of global neoliberal restructuring. Rather than a genuine alternative to neoliberalism, this shift *within* the neoliberal policy regime seeks to relegitimise capitalist globalisation in crisis, while deepening and extending its ‘post-democratic’ political economic logic in both the private and public spheres. Utilising examples from global economic, environmental, and social governance, this argument unfolds by examining three areas where ‘stakeholder capitalism’ has sought to ‘square the circle’ of (global) capital accumulation and (national) political legitimation: (1) squaring profits with purpose; (2) squaring markets with state regulation; and (3) squaring global capitalism with development in the global South.

Profits and purpose: From shareholder value to multi-stakeholder corporate governance

The aftermath of the GFC has witnessed a simultaneous ‘strengthening-weakening’ of neoliberalism that has modified patterns of class power and hastened the embrace of novel profit-making strategies by big business (Cahill 2014; Bruff 2014). Specifically, the crash marked the opening act in a multidimensional organic crisis of the US-led international order. Encompassing ‘morbid symptoms’ spanning economy, ecology and society, this crisis delegitimised the post-Cold War zeitgeist of neoliberal perpetual progress, thereby transforming big business’ legitimation *deficit* into a full-blown legitimation *crisis* of the capitalist system.

One key axis of this legitimation crisis has been the popular identification of the narrow model of shareholder-value creation, premised on maximising ‘short-term’ financial performance, as central to escalating economic, social, and ecological crises. Yet, far from counteracting this deep-seated legitimation crisis, the growth of corporate social responsibility (CSR) and philanthropy as forms of public relations have only added fuel to the fire. Specifically, they have exposed the

contradiction between multinational corporations' (MNCs) limited efforts at harm mitigation and the insurmountable damage caused by their irresponsible and ecocidal business models (Soederberg 2006; Murphy and Bendell 1999).

Moreover, with the fracturing of neoliberal 'global governance', a growing hyper-nationalist backlash couched in 'anti-globalisation' rhetoric, and the re-emergence of a fledgling socialist-left, this legitimisation crisis has upended the political system (Panitch and Gindin 2019; Panitch *et al.* 2019). As a result, national ruling classes in 'post-industrial' capitalist democracies 'find it harder and harder to resolve the tension between the requirements of global capital and the interests of the population whose votes they need to stay in power' (Leys 2014: 108).

Simultaneously, however, neoliberalism has never simply mirrored the dominant 'free market, small state' ideology codified by its core proponents. As an internationally variegated and hierarchically organised policy regime defined by practices of liberalisation, 'deregulation' and privatisation, it primarily denotes a historically-specific form of capitalism embedded not only in ideologies, but also class relations and institutions (Cahill 2014). This 'actually existing neoliberalism' has been driven by corporate political mobilisation and the imperative for capitalist states to ensure system-wide profitability of business.

Despite the weakening of neoliberal ideology in the wake of the GFC, class forces and institutions in the vanguard of neoliberal restructuring have remained largely intact, or even been strengthened.

Indeed, rather than signalling the onset of a 'post-neoliberal' break, the bank bailouts and nationalisations adopted by capitalist states to contain the worst effects of the crisis paved the way for a decade of fiscal austerity. Combining an unprecedented socialisation of private debt with the decimation of working-class communities by renewed waves of privatisation and cuts to social security, pensions and welfare, this pattern of crisis, recession and austerity reflects the continued strength of capital and persisting weakness of labour – that is, the real material anchor of class and institutional power under neoliberalism (Panitch and Gindin 2012; Konings 2010; Saull 2012; Kiely 2015, 2016; Ryner and Cafruny 2017).

In turn, without a sufficiently coherent working-class politics channelling the growing popularity of anti-neoliberal ideas, ruling class forces and institutions have increasingly turned to 'stakeholder capitalism' as an

ideological formation congruent with managing the new ‘systemic risks’ thrown up by the intensifying crises of neoliberalism.

The World Economic Forum: Relegitimising business

Specifically, amidst ruling class fears that democratic pressures could compel governments to introduce capital constraining regulations to address multiple crises, and where shareholder value and its attendant forms of CSR and philanthropy have been delegitimised, the WEF has emerged as a key site of efforts to rebalance accumulation and legitimation.² For instance, in 2009, its 18-month ‘Global Redesign Initiative’ called for the GFC to be addressed by constructing ‘a new stakeholder paradigm of international governance analogous to that embodied in the stakeholder theory of corporate governance on which the World Economic Forum itself was founded’ (WEF 2010: 29). For the WEF, the dual failure of US-led multilateralism to contain the financial crisis and respond to climate change at the 2009 Copenhagen conference revealed a global governance system grounded in narrow ‘self-interest’, ‘short-termism’ and lack of concern with the ‘general interest’. To shield capital from new systemic risks arising from increasingly complex globalisation processes, the WEF proposes a growing ‘public’ role for private business within joint state/non-state systems of governance (Sharma and Soederberg 2019).

From this ideological vantage-point, facilitating joint management of globalisation through ‘multistakeholder’ partnerships between governments, MNCs and select nongovernmental organisations (NGOs) enables corporations to bolster their legitimacy and effectiveness. Leveraging the knowledge and legitimacy of governments and civil society induces ‘long-term’ social learning by corporate executives. More importantly, by aligning key ‘stakeholders’ behind the principle of market ‘efficiency’, public-private and business-NGO partnerships function to justify the claim that both financial and ‘non-financial’ MNCs can curb their own excesses and, therefore, do not need to be constrained by the state (Gleckman 2016). The WEF thereby promotes a specific

² WEF ‘strategic partners’ are the 100 leading MNCs (the International Business Council is currently chaired by the CEO of Bank of America), while its trustee board includes corporate executives and political leaders of bodies such as the International Monetary Fund, European Central Bank, and G20 Financial Stability Board.

neoliberal ideology and practice of colonising the public sphere: injecting the ‘entrepreneurial efficiency’ of global business and ‘moral compass’ of civil society into a state-centric international system deemed inefficient and plagued by a widespread ‘failure mentality’ (Kiely 2018: 271-2).

The new ‘soulful corporation’: From CSR to ‘Creating Shared Value’

Ongoing ‘multistakeholder’ interactions among MNCs, NGOs and public agencies to address ‘systemic risks’ have been reflected within firms as the ideological decentring of shareholder value and CSR. These have been superseded by multistakeholder corporate governance and ‘partnership’ models, claiming to align profit-making with social and environmental ‘purpose’ (Henderson 2020).

At the level of corporate organisation, leading US-based consultancies have sought to cultivate new leadership qualities among executives to better articulate the ‘long-term value’ they create for shareholders and stakeholders. McKinsey-led groups, such as the Coalition for Inclusive Capitalism and Focusing Capital on the Long-Term, have played a key role in this respect in recasting BlackRock and other leading institutional investors as unlikely opponents of ‘quarterly capitalism’.³ Likewise, they have encouraged leading ‘non-financial’ MNCs – caught between shareholder pressure to maximise ‘short-term’ profits and NGOs demanding ever more CSR and philanthropy – to jettison standard CSR-based approaches in favour of internalising competitiveness-relevant social and environmental factors within their core business strategies (Barton 2011; Barton and Wiseman 2014; Freeland 2014; Polman and de Rothschild 2014; Mendoza 2012). As Bakan (2020: 3) points out,

Creative capitalism, inclusive capitalism, conscious capitalism, connected capitalism, social capitalism, green capitalism – these were the new kinds of buzzwords that came to the fore, reflecting a sense that corporate capitalism was being modified into a more socially and environmentally aware version. The key idea, whatever rhetoric it was wrapped in, was that corporations had changed fundamentally, that

3 The first Conference on Inclusive Capitalism (co-hosted by the City of London in 2014) included companies accounting for over \$30 trillion in investable assets – one third of the global total – and speeches by Bill Clinton, Christine Lagarde, Mark Carney, Larry Summers, and HRH The Prince of Wales (Carney and Freeland 2014).

while [CSR] and sustainability had previously been located on the fringes of corporate concerns – a bit of philanthropy here, some environmental measures there – now they became entrenched at the core of companies’ ethos and operating principles.

The leading intellectual expression of this tendency arguably comes from Harvard Business School (HBS) proponents of ‘creating shared value’ (CSV) as a more strategic alternative to CSR:

The solution lies in the principle of shared value, which involves creating economic value in a way that *also* creates value for society by addressing its needs and challenges [...]

Capitalism is an unparalleled vehicle for meeting human needs, improving efficiency, creating jobs, and building wealth. But a narrow conception of capitalism has prevented business from harnessing its full potential to meet society’s broader challenges. The opportunities have been there all along but have been overlooked. Businesses acting as businesses, not as charitable donors, are the most powerful force for addressing the pressing issues we face. The moment for a new conception of capitalism is now [...]

The purpose of the corporation must be redefined as creating shared value, not just profit per se. This will drive the next wave of innovation and productivity growth in the global economy. It will also reshape capitalism and its relationship to society. Perhaps most important of all, learning how to create shared value is our best chance to legitimise business again (Porter and Kramer 2011: 64).

Despite being marketed as a visionary new conception of capitalism, multistakeholder corporate governance and partnership models do not trespass on the ownership rights of shareholders. Rather, by inviting company and asset managers to voluntarily adopt more ‘long-termist’ behaviour, they function as an ideological supplement to ‘actually existing neoliberalism’ that mystifies the continued alignment of shareholder and managerial interests within financialised global capitalism.

Unilever: Championing stakeholder capitalism

Among the first institutional champions of this supposedly ‘long term’, ‘inclusive’, and ‘sustainable’ capitalist model was Paul Polman, the ex-CEO of Unilever (2009-19) and a former member of the WEF’s International Business Council. Polman used his first day in office to

inform the markets that Unilever would oppose financial ‘short-termism’ by no longer publishing quarterly guidance or reports for shareholders:

I don’t have any space for many of these people that really, in the short term, try to basically speculate and make a lot of money [...] I’m not just working for them [...] Slavery was abolished a long time ago’ (as cited in Boynton and Barchan 2015).

Instead, Unilever would serve ‘people and planet’ by championing the needs of stakeholders, such as suppliers, creditors, governments, sustainability-conscious consumers, smallholder farmers, and climate change activists. Polman’s flagship project – the Unilever Sustainable Living Plan (USLP) – remains one of the most thoroughgoing attempts to break with standard PR-driven CSR programmes. Formally unveiled in November 2010, the USLP seeks to integrate social ‘responsibility’ and environmental ‘sustainability’ into all the consumer goods giant’s operations from sourcing through to consumer use and disposal (Bartlett 2016).

Table 1: The Unilever Sustainable Living Plan’s three goals and nine pillars

Improving health and well-being for more than 1 billion	Reducing environmental impact by half	Enhancing livelihoods for millions
<i>Goal:</i> ‘By 2020 we will help more than a billion people take action to improve their health and well-being’.	<i>Goal:</i> ‘By 2020 our goal is to halve the environmental footprint of the making and use of our products as we grow our business’.	<i>Goal:</i> ‘By 2020 we will enhance the livelihoods of millions of people as we grow our business’.
<i>Pillars:</i> 1. Health & hygiene 2. Improving nutrition	<i>Pillars:</i> 1. Greenhouse gases 2. Water use 3. Waste & packaging 4. Sustainable sourcing	<i>Pillars:</i> 1. Workplace fairness 2. Opportunities for women 3. Inclusive business

Source: Unilever (2020b).

Positing that ‘growth at the expense of people or the environment is both unacceptable and commercially unsustainable. Sustainable growth is the only acceptable model for our business’ (Unilever 2020a), the USLP places three ostensibly non-financial objectives at the heart of Unilever’s accumulation strategy: (1) helping 1 billion people improve their health and well-being; (2) halving the environmental footprint of making and using its products; and (3) enhancing the livelihoods of those in its value chain (summarised in Table 1 above).

In an interview for the *McKinsey Quarterly*, Polman (2014) was clear that capitalist globalisation requires a new ecologically and socially embedded corporation to weather its crisis:

Capitalism has served us enormously well. Yet [...] it has come at an enormous cost: unsustainable levels of public and private debt, excessive consumerism, and, frankly, too many people who are left behind. Any system that prevents large numbers of people from fully participating or excludes them altogether will ultimately be rejected. And that’s what you see happening [...]

Capitalism needs to evolve, and that requires different types of leaders from what we’ve had before [...] some skills are becoming more important, such as the ability to focus on the long term, to be purpose driven, to think systemically, and to work much more transparently and effectively in partnerships [...]

Business is here to serve society. We need to find a way to do so in a sustainable and more equitable way not only with resources but also with business models that are sustainable and generate reasonable returns. Take the issues of smallhold farming, food security, and deforestation. They often require ten-year plans to address. But if you’re in a company like ours and you don’t tackle these issues, you’ll end up not being in business. We need to be part of the solution. Business simply can’t be a bystander in a system that gives it life in the first place. We have to take responsibility, and that requires more long-term thinking about our business model.

Yet, by annexing social purpose as the engine of corporate profitability, Polman’s primary aim was to insulate Unilever from growing ‘systemic risks’ impacting the competitiveness of its structurally irresponsible and ecocidal business model. These include poverty wages, health and financial insecurity, human rights abuses, gender-based violence, child labour, food waste, obesity and malnutrition, land conflicts, low standards of animal welfare, greenhouse gas emissions, commodity-driven deforestation, habitat and biodiversity loss, unsustainable farming

practices, water scarcity, soil erosion, and pesticide use. The firm's role in generating these crises is expunged, while its 'understanding' of the issues is repackaged as the first step towards their resolution.

States and markets: 'Derisking' private investment

As a hegemonic strategy, 'stakeholder capitalism' entails an active role for states in securing the extra-economic conditions for a new global long-wave of ostensibly 'long term', 'inclusive' and 'sustainable' accumulation. Amidst the proliferation of new 'systemic risks' and a dual crisis of legitimacy and effectiveness facing neoliberal 'global governance', capitalist states have sought to sustain the material differentiation between the economic and political constitutive of capitalism by breaking down the policy silos that reproduce the institutional separation of the public, private and civil domains. This has been achieved through incorporating MNCs, NGOs and public agencies within 'flexible' and 'networked' public-private partnerships and 'multistakeholder' coalitions congruent with the reproduction requirements of the post-Fordist global economy.

In an deflationary economic context marked by high profits but stagnating private investment, wages, and consumption, central banks and treasury ministries have sought to socialise 'systemic risks' facing private sector investment. This has entailed gradually reorienting public policy frameworks, transforming economic and financial systems, and constructing new hybrid modes of public-private network governance. Concomitantly, efforts to overcome intra- and international institutional fragmentation as the basis for improved policy coherence and coordination have entailed state targets publicly recognising social and planetary emergencies. 'Responsibility', 'inclusion' and 'sustainability' have been mainstreamed within relevant policy, ministry and regulatory mandates. Moreover, public funds have been mobilised as guarantees for underwriting 'high-risk' private investments in new 'innovative' and profitable business models, privatised 'green' technology, large-scale infrastructure projects, and public-private partnerships.

Though it would have been cheaper for states to self-finance economic recovery by borrowing at historically low interest rates to expand the public sector, such expenditures underwrite otherwise unprofitable private sector investments, provide stable revenue streams for

institutional investors scrambling to earn an ‘illiquidity premium’, and absorb the huge surplus profits accumulated by MNCs. Furthermore, in responding to capitalism’s systematic undervaluation of labour, nature and society, states have sought to underwrite the development of new markets by gradually internalising social and ecological risks within the financialised imperatives of global capital accumulation. This has entailed the scaling-up of new guidelines and metrics claiming to counteract macroeconomic ‘market failures’ by institutionalising the value of ‘social’, ‘human’ and ‘natural’ capital within microeconomic decision-making.

By ‘prematurely harmonising’ the contradiction between delivering higher returns for investors and addressing social and ecological crises, such policies aim to reaffirm the hegemonic primacy of market forces. They also provide the long-term certainty required by MNCs to ‘voluntarily’ invest in changing business models.

The British State: Fusing corporate-led development and new public management

By championing fiscal austerity after 2010, the UK Conservative-Liberal Democrat coalition government’s response to the global financial crash exacerbated social and ecological crises, such as those related to public health and climate change. To transform British capitalism’s crisis of ‘overnutrition’ (overeating, obesity and dietary illnesses) into new market opportunities, the Tory health secretary, Andrew Lansley, convened a Public Health Commission (PHC) in 2008 to outline his ‘vision’ of a ‘responsibility deal’ between government and business (PHC 2009a).

At Lansley’s invitation, the 14-member PHC was chaired by the chief executive of Unilever UK and Ireland, Dave Lewis (who became CEO of Tesco in 2014), and held seven meetings at Unilever House on London’s Victoria Embankment (Lawrence 2010a). Its final report – tellingly titled ‘We’re All in This Together: Improving the Long-Term Health of the Nation’ – championed a neoliberal view of public health which separated obesity and alcoholism from social inequalities of class and race. It also paved the way for the direct incorporation of Diageo, Kellogg’s, Mars, McDonald’s, PepsiCo, Unilever, and other MNCs into the Department of Health (Lawrence 2010b; Department of Health 2017).

In 2011, the Secretaries of State for Business, Innovation and Skills (BIS), Energy and Climate Change (DECC), and Environment, Food and Rural Affairs (DEFRA) launched a joint Green Economy Council – chaired by Liberal Democrat Business Secretary, Vince Cable – to advise the coalition on how government and ‘green’ business could work together to support the transition to a ‘low carbon’ capitalist economy (UK Government 2020). Among those reporting to the Green Economy Council was the business-led Ecosystem Markets Task Force. Appointed by the DEFRA Secretary to ‘review the opportunities for UK business from expanding green goods, services, products, investment vehicles and markets which value and protect nature’s services’, this Task Force was chaired by the CEO of Kingfisher and included the new Chairman of Unilever UK and Ireland, Amanda Sourry, among its members (Defra 2011, 2014; Cheshire 2011). Rooted in the assumption that economic growth and environmental sustainability are mutually compatible, the Task Force’s final report – ‘Realising Nature’s Value’ – identified 22 ‘win-win’ market opportunities for government and business (Ecosystem Markets Task Force 2013).

Similar examples abound. Initially headed by former BP employee, McKinsey director, and CBI Director-General, Lord Turner, the current chairman of the UK government’s statutory Committee on Climate Change (CCC) is Lord Deben. A former Tory environment minister (1993-97), Deben was also the first chair of the joint World Wildlife Fund-Unilever Marine Stewardship Council (Constance and Bonanno 2000). Following mass climate protests and school strikes in the first half of 2019, the CCC advised the government to set a new target for achieving ‘net zero’ greenhouse gas (GHG) emissions by 2050. The following month, the UK became the first major capitalist country to legally declare a climate emergency (Carrington 2019; Evans 2019). However, by seeking to limit the negative effects of climate change only insofar as this remains compatible with the continued priority of economic growth, the CCC’s managerialist culture of target-setting sets out minimum legal requirements for reducing GHG emissions at the expense of maximising efforts to combat the climate emergency (Monbiot 2020).

Following a ‘high-level meeting’ with Polman at the Ford Foundation in September 2014, the Tory international development secretary, Justine Greening, announced a new £10 million partnership with Unilever. With the aim to ‘use new social business models to improve health, hygiene

and livelihoods for 100 million people by 2025’, this partnership was described as ‘the first of its kind between a leading international business and the UK’s Department for International Development (DFID)’ (Unilever 2014; TRANSFORM 2017). Citing Unilever as the corporation which most clearly symbolises the ‘shifting relationships’ characteristic of ‘post-political’, technocratic global governance, Monbiot (2014) writes that he

can think of no entity that has done more to blur the lines between the role of the private sector and the role of the public sector. If you blotted out its name while reading its web pages, you could mistake it for an agency of the United Nations [...]

As the environmental campaigner Peter Gerhardt puts it, companies like Unilever ‘try to stakeholderise every conflict’. By this, I think, he means that they embrace their critics, involving them in a dialogue that is open in the sense that a lobster pot is open, breaking down critical distance and identity until no one knows who they are any more.

Instead of challenging this hegemonic strategy, the Labour Party under Ed Miliband embraced ‘responsible capitalism’ (Miliband 2013; The Observer 2014).⁴ As Panitch (2014) clarifies, although ‘a contradiction in terms’, this discourse has long been how the ‘leaders of erstwhile socialist parties’ have ‘covered their tracks as they retreated from offering people a way out of the rat race of capitalism – rather than compensation for being losers in it – even in the postwar era’.

The G20 FSB’s Task Force on Climate-related Financial Disclosures

Institutions created in response to the global financial crisis, such as the G20 Financial Stability Board (FSB)⁵ and European Systemic Risk

4 For instance, Labour’s former Minister for Science and Innovation, and the current Chancellor of Cambridge University, published *Progressive Capitalism* (Sainsbury 2013). The Shadow Chancellor co-chaired the Commission on Inclusive Prosperity with Lawrence Summers (Summers and Balls 2015). Similarly, the Shadow Universities Minister and head of Labour’s policy review together called the first Conference on Inclusive Capitalism a ‘win-win agenda for business and politicians’ (Byrne and Cruddas 2014).

5 With the extension of G7/8 to the G20, the Financial Stability Forum was replaced by a revamped FSB in 2009. The FSB’s ‘multistakeholder’ governance structure lacks any formal legal basis. Its chairs have included Mario Draghi (2009-11), Mark Carney (2011-8), and Randal K. Quarles (2018-present) (FSB 2020).

Board (ESRB),⁶ have played a key role in mainstreaming new policy frameworks and standardised accounting metrics which claim to go beyond ‘short-term’ profit and gross domestic product (GDP). They do so by integrating the value of ‘social’ and ‘natural’ capital into corporate risk management, financial disclosure and market mechanisms.

In April 2015, G20 finance ministers and central bank governors requested that the FSB convene a ‘global’ corporate-led Task Force on Climate-related Financial Disclosures (TCFD) to formulate a universal legal standard for the disclosure of climate risks (World Business Council for Sustainable Development [WBCSD] 2017). Chaired by Michael Bloomberg, the TCFD was launched on the sidelines of the UN Paris Climate Conference with a mandate to review how institutional investors should assume responsibility for their exposure to climate risks by acquiring better, more comparable and complete information. Among its four vice-chairs is Unilever CFO, Graeme Pitkethly, while the Task Force’s 31 members (chosen by the FSB to encompass both ‘users’ and ‘preparers’ of financial disclosures across a broad range of sectors and markets in the G20) include directors from the largest financial and ‘non-financial’ MNCs, ‘Big Four’ auditors and two of the ‘Big Three’ credit rating agencies.⁷ One Task Force member – Brian Deese of BlackRock Sustainable Investing – played a key role in negotiating the Paris Agreement as President Barack Obama’s senior advisor for climate and energy policy (TCFD 2020a).

Upon the release of the TCFD’s first report, FSB Chair Mark Carney stated that ‘the Task Force’s recommendations have been developed by the market for the market’ (TCFD 2020a) (see Table 2 below). The FSB’s aim has, thus, been to construct a corporate alliance between financial and ‘non-financial’ MNCs centred on internalising climate-related financial risks, opportunities and externalities within the financialised logic of global capital accumulation.

6 The European Commission’s response to the financial crisis saw the creation of the ESRB in 2010 (de Larosière et al. 2009; ESRB 2020a). A ‘multistakeholder’ body chaired by the ECB President, it has a remit to provide ‘macroprudential oversight’ and mitigate systemic risk in the EU financial system (ESRB 2020b, 2020c).

7 Disclosure ‘users’ include Aviva, Barclays, BlackRock, BNP Paribas, CPPIB, JPMorgan Chase, Swiss Re, UBS, and the United Nations-backed Principles for Responsible Investment, while ‘preparers’ encompass BHP Billiton, Daimler, Dow Chemical, EnBW Energie Baden-Württemberg, Eni, Mitsubishi, and Tata Steel (TCFD 2020b).

Table 2: TCFD engagement by G20 national regulatory authorities

	No formal engagement	Political and regulatory engagement	Formal engagement with private sector	Publication of guidelines and action plans	Encoding into law
Argentina	X				
Australia		X	X		
Brazil		X			
Canada		X	X		
China		X			
European Union		X	X	X	
France		X			X
Germany		X			
India	X				
Indonesia	X				
Italy		X	X		
Japan			X	X	
South Korea	X				
Mexico		X			
Russia	X				
Saudi Arabia	X	X			
South Africa			X		
Turkey			X		
UK		X	X		
US		X			

Source: Cambridge Institute for Sustainability Leadership (2018: 4).

More broadly, by offering public funds as incentives for ‘derisking’ private sector investments and constructing a new market-based ‘green’ international financial architecture comprised of ‘voluntary’ stress-testing, supervision and disclosure, central banks and financial regulatory authorities aim to promote a more managed market-based transition to a ‘low-carbon’ capitalist economy. This transition is concerned to facilitate regulatory convergence, endow institutional investors with the ‘perfect information’ they supposedly require to ‘efficiently’ allocate capital for the Paris Agreement, and avoid the huge losses for global capital associated with a rushed transition to renewable energy triggered by extreme weather events.

Integrating ‘sustainability’ within EU financial rules

In the wake of the global financial crisis, the European Union (EU) has, likewise, sought to reduce its exposure to ‘systemic risk’ by mainstreaming ‘sustainability’ within relevant policies and institutions.

Myriad instances of this strategy can be found over the last decade. For instance, in his capacity as Vice-Chair of the WBCSD, Polman represented big business as part of the European Resource Efficiency Platform. Convened by Environment Commissioner, Janez Potočnik, following the publication of the EU’s long-term strategy for greenhouse gas reductions and resource-efficiency roadmap in 2011, the Platform included various EU commissioners and parliamentarians, national environment ministers and NGOs (European Commission 2020; WBCSD 2014).

As the EU sought to revise its long-term strategy in line with the Paris Agreement, an ESRB report warned that bank exposure to ‘carbon-intensive’ assets posed significant systemic risks, before proposing that ‘policymakers could aim for enhanced disclosure of the carbon intensity of non-financial firms’ and ‘the related exposure of financial firms could then be stress-tested under the adverse scenario of a late and sudden transition’ (ESRB Advisory Scientific Committee 2016).

When France became the first country to introduce climate-related ESG reporting obligations for institutional investors in July 2016, the Juncker Commission took steps to prevent regulatory fragmentation within the EU single market and Eurozone by incorporating a TCFD-compliant

climate risk disclosure regime within its Capital Markets Union (CMU) initiative.⁸

This neoliberal project to ‘prematurely harmonise’ EU capital markets with long-term ‘sustainability’ objectives emphasises corporate disclosure requirements as a crucial enabling condition for ‘sustainable finance’ and European-wide comparability. Chaired by former International Monetary Fund (IMF) staffer, advisor to the European Central Bank (ECB) President, and TCFD vice-chair Christian Thimann of AXA, the Commission’s High-Level Expert Group on Sustainable Finance spent a year developing recommendations for a comprehensive EU-wide ‘sustainable finance’ strategy beginning in December 2016 (European Commission 2016b).

Based on these recommendations, ‘sustainable finance’ has emerged as a work stream feeding into the von der Leyen Commission’s ‘European Green Deal’ (von der Leyen 2019). As Gabor (2020) highlights, this proposed €1 trillion plan to channel private investment as a complement to public funds remains wedded to the ‘zero-sum’ neoliberal logic:

In dismissing green macroeconomics, the European commission puts its hopes on private finance. The logic is that the state won’t have to pay if the private sector will, provided there is nudging from public funds to ‘derisk’ green investments. Here, the commission seems to have powerful allies, such as institutional investors with trillions ready to be greened. Larry Fink, the head of BlackRock, one of the world’s largest asset managers, recently noted that ‘we are on the edge of fundamentally reshaping finance’ by taking decarbonisation seriously.

By abandoning ‘system change through ambitious green macroeconomics and tough regulation of carbon financiers’, Gabor concludes that this market-based Green Deal for global neoliberalism ‘takes a politics as usual, third-way approach that seeks to nudge the market towards decarbonisation’ by reshuffling mostly existing European funds. It thereby reproduces the delusional neoliberal assumption, according to which ‘there is no alternative’ to market-based approaches seeking to maintain infinite growth on a finite planet.

⁸ The CMU aimed to deepen EU capital market integration by removing barriers to private investment and free movement of capital within the single market, strengthen economic and monetary union (EMU), and make the European financial system more ‘stable’ and ‘resilient’ to economic shocks (European Commission 2016a).

Global capitalism and development: From the (post)Washington Consensus to ‘inclusive growth’

As MNCs have become increasingly embedded in the global South in the wake of the GFC, they have sought to mitigate persistent crises rooted in the uneven and exclusionary nature of capitalist development and mediated by the adverse effects of the (post)Washington Consensus. Financial instability, high un(der)employment, grotesque poverty and inequality, slum growth, migration, food price rises, malnutrition, pandemics, climate change, and insecurity have all generated social conflicts and political protests that threaten to undermine the legitimacy of neoliberal global governance.

To contain the ‘systemic risks’ which such crises pose to globalisation and roll-back the institutional inroads made by ‘pro-poor’ heterodox critics of the status quo during the ‘long 1990s’ (1992-2007), capitalist states and international organisations have sought to ‘square the circle’ of global capitalism and development by articulating a revised ‘inclusive growth’ paradigm (Saad-Filho 2011).

Seeking to transform global risks into opportunities for economic growth, individualised ‘self-help’ and ‘entrepreneurship’, and ‘resilience’ to compensate for macroeconomic ‘market failures’, this augmented (post)Washington/Davos Consensus reaffirms the primacy of market forces over redistribution to alleviate global poverty and inequality. Simultaneously, it depoliticises the economic, social, and ecological crises generated by financialised global capitalism (Sharma and Soederberg 2019). In spearheading a new round of primitive accumulation and economisation of the international public sphere, this peculiarly neoliberal fusion of corporate-led development and new public management practices also goes beyond prior rounds of structural adjustment. This not only compels states in the global South to adopt more market-friendly policies to attract foreign direct investment (FDI). It also tasks international development ministries, United Nations (UN) agencies, development finance institutions and donors with directly involving MNCs carrying out these investments in designing and implementing development objectives and aid projects subsidised by private philanthropy and public funds.

The G20 and ‘inclusive business’

This revised market-enabling role for the state – centred on ‘crowding in’ private investment and evident in heavy government expenditures on infrastructure, ‘human capital’ and other so-called ‘public goods’ – has proceeded via incorporating MNCs and NGOs within a global system of public-private partnerships and multistakeholder coalitions organised around hybrid state-corporate G20 and UN systems. Specifically, ‘voluntary’ governance by multistakeholder groups presupposes multilateral policy coordination by neoliberal states. The expansion of the G20 to the leaders’ level in 2008, coincided with efforts by Western MNCs to partially offset post-crisis stagnation in North America and Europe by deriving huge profits from the expanding middle classes in ‘emerging’ markets (particularly China and the other BRICS countries).

As Soederberg (2015: 252) points out, in the wake of the GFC – itself the result of ‘financial inclusion strategies gone awry in the US and Europe’ – G20 leaders embraced a discourse of ‘inclusive growth’. ‘Inclusive’ finance and business have emerged as the basis of a revised regulatory framework for governing capitalist globalisation centred on ‘voluntary’ guidelines and individualised ‘resilience’ and ‘responsibility’. On the one hand, the solution to the 2007-08 crisis has been to

include more poor people into a volatile, speculative, and highly interconnected financial system, so that they may, in the words of the G20, ‘manage their low, irregular and unreliable income’ [...] This is a class-based strategy to continually search for more outlets for speculative credit money by creating debtors linked to the global casino and it cannot possibly replace a social wage, decent and affordable housing, education, and health services (Soederberg 2015: 253).

On the other hand, to augment their stretched public funds with private investment at the ‘bottom of the pyramid’, G20 leaders have promoted ‘inclusive business’ as a supposedly ‘innovative’ model for reducing poverty (Inclusive Business Action Network 2020, G20 Development Working Group 2015).

Drawing on the work of C.K. Prahalad, this ‘impact investment’ strategy claims that FDI can simultaneously benefit big business and poor people in ‘emerging markets’ by incorporating the latter as producers, suppliers, distributors or consumers within the global value chains of MNCs (Prahalad and Lieberthal 1998; Prahalad and Hammond 2002; Prahalad

2004; Jenkins *et al.* 2008; WBCSD 2008). From 2000 until his death in 2010, Prahalad served as an advisory director to Hindustan Unilever – India’s largest consumer goods firm and an early pioneer of ‘bottom-of-the-pyramid’ marketing to low-income consumers (Hindustan Unilever 2010; Unilever 2020c; Oxford Saïd Business School 2012).

The G20 system includes ministerial forums, the FSB, leaders’ personal representatives (‘Sherpas’), and working groups and other sub-summit entities supporting the leaders’ forum on specific issues. However, it also encompasses the privileged relationship with the G20 enjoyed by the IMF, World Bank, UN, Organisation for Economic Co-operation and Development (OECD), and Bank for International Settlements (BIS), as well as ‘non-state’ actors. In this regard, political leaders’ linkages with Western MNCs, the WEF, International Chamber of Commerce (ICC) G20 CEO Advisory Group, ‘Business Summit’ (B20), Young Entrepreneurs’ Summit (G20 YEA), and philanthrocapitalist foundations (especially the Gates, Rockefeller, Ford, and Open Society foundations) far outweigh those with civil society proper (Hajnal 2019: 68-73; Kucharski 2017).

For example, Polman and Daniel Servitje (of Mexico’s Grupo Bimbo) co-chaired the B20 Task Force on Food Security at the 2012 Los Cabos Summit in Mexico.⁹ The WEF was the ‘lead organisation’ for this task force. Together, they favoured the New Vision for Agriculture (NVA), discussed further below, in proposing a Malthusian programme of agricultural modernisation to counter population pressures through a 50 percent increase in food production by 2030, alongside promotion of millions of smallholder farmers as entrepreneurs (B20 2012: 11).

The Post-2015 Development Agenda: Forging a state-corporate UN system

The ruling class’ vision of a hybrid public-private UN system managing global development crises for capital’s benefit has proved pivotal to constructing the Post-2015 Development Agenda. As state funding for

⁹ Other members included the CEOs of Nestlé, Monsanto, DuPont, PepsiCo, Kraft Foods, Cargill, Syngenta, and Yara International, as well as representatives of the UN Secretary-General, OECD, International Food Policy Research Institute and Oxfam GB. Mexico’s ministry of food and agriculture acted as government liaison.

international development has been curtailed, big business has emerged as a major funder of new projects and programmes (Adams and Martens 2015). In the run-up to the UN Sustainable Development Summit – which ultimately produced Agenda 2030 and its 17 Sustainable Development Goals (SDGs) organised around economic, environmental and social pillars – the Post-2015 process accorded a central role to a small number of interconnected MNCs, business associations, and philanthropic foundations (Sharma and Soederberg 2019: 13-4; Pingeot 2014: 26).

This privileged structural relationship of big business to the UN system was reflected in multiple processes surrounding the Post-2015 consultations, including the Global Compact (UNGC) LEAD initiative, High-Level Panel of Eminent Persons on the Post-2015 Development Agenda (HLP), and Sustainable Development Solutions Network (SDSN) (Pingeot 2014). As Grayson and Nelson (2013: 100) detail, the UNGC played a particularly significant role:

In 2011, the UNGC supported an unprecedented working group co-chaired by UN Secretary-General, Ban Ki-moon, and the CEO of Unilever, Paul Polman, and supported by key UN agencies and programs and some of the world's leading multinational companies to develop a framework to support more large-scale transformative partnerships between the UN and the private sector.

Polman went on to assume formal leadership roles in several Post-2015-related organisations and initiatives, including the UNGC Board, HLP, SDSN Leadership Council, Scaling Up Nutrition (SUN) Lead Group, as well as the WEF, WBCSD, ICC, and Rockefeller Foundation.

According to Pingeot (2014: 6, 17–9), the key messages and policy recommendations of big business feeding into the 2030 Agenda focused on

growth and new technologies as a means of de-coupling growth and resource use; the emphasis on corporate sustainability as a vector of sustainable development; the reduced role of governments as creators of ‘enabling environments’, and the need for multi-stakeholder governance.

Furthermore, an entire goal – SDG 17 – reflected big business’ overriding concern to ‘strengthen the means of implementation and revitalise the global partnership for sustainable development’. As part of this effort, the ICC was officially granted Observer Status at the UN General Assembly on 14 December 2016, thereby according big business

a direct voice within UN decision-making for the first time (ICC 2016a, 2016b). Similarly, UN Secretary-General Guterres and WEF founder Klaus Schwab signed a ‘strategic framework partnership’ to ‘accelerate the implementation of the 2030 Agenda for Sustainable Development’ on 13 June 2019 (WEF 2019; ESCR-Net 2019).

By centring MNCs as the source of ‘innovative’ models for addressing global poverty, malnutrition, climate change and human rights, and empowering corporate executives to act as more-than-equal ‘partners’ within a transformed UN system, this amplified bluewashing of the activities of MNCs aims to endow private business with a sense of ‘civic’ identity and ‘public’ purpose as the basis for restoring its legitimacy. In this way, one strand of the ruling class’ response to the legitimisation crisis of neoliberal globalisation has focused on further integrating private business under the umbrella of the UN Charter-based, state-centric international public sphere – as UN agencies increasingly operate within ‘hybrid’ state/non-state governance systems. This has occurred alongside certain issues being shifted off the formal UN agenda to instead be addressed by an informal system of ‘multistakeholder’ coalitions, thereby granting MNCs the implicit endorsement of states and international organisations.

The New Green Revolution: Smallholders as entrepreneurs

The 2007-08 and 2010-12 world food price crises plunged tens or even hundreds of millions of people into hunger, malnutrition and poverty. They thereby created the conditions for profound politico-economic instability and social unrest.¹⁰ To transform the ‘systemic risks’ posed by this global crisis of food insecurity into opportunities for capital to expropriate peasant land and increase food and biofuels production through new investments in biotechnology and ‘value chain agriculture’, the US-led ‘New Green Revolution’ has ‘attempted to promote smallholders as entrepreneurs, integrated into global markets through cash-crop production and purchasing chemical inputs, seeds and fertilisers in order to increase productivity and output’ (Kiely 2018: 229;

10 The ‘Arab Spring’ wave of uprisings and revolutions in 2011, for instance, was triggered by food price spikes caused by financial speculation in grain markets.

see also Patnaik and Moyo 2011; Holt-Giménez and Altieri 2013; McMichael 2017: 255-60).¹¹

For example, launched in 2006, the Rockefeller and Gates foundations' joint Alliance for a Green Revolution in Africa (AGRA) responded to the call of former UN Secretary-General, Kofi Annan, for farmers to wage a '*uniquely* African green revolution tailored to the needs and aspirations of the diverse continent recognising the importance of sustainability' (Haigh 2014: 19).

Similarly, the WEF's NVA calls for increased food production to address perceived population pressures. This initiative was created in 2009 by a coalition of 33 leading US and EU food and agribusiness MNCs, financial institutions, consultancies and philanthropic foundations – including Bayer, Cargill, Deloitte, DuPont, Monsanto, Nestlé, PepsiCo, Rabobank, Royal DSM, Swiss Re, Syngenta, Unilever, Walmart and Yara International, as well as McKinsey, the Rockefeller Foundation and the Wellcome Trust. The NVA subsequently spawned the Grow Africa and Grow Asia regional partnerships with the African Union/New Partnership for Africa's Development (NEPAD) and Association of Southeast Asian Nations (ASEAN), respectively (B20 2012: 11).

An extension of the Obama administration's Feed the Future initiative (Lawson *et al.* 2016), the G8's ten-year New Alliance for Food Security and Nutrition (otherwise known as the 'New Alliance') was launched in 2012 as part of the US' G8 presidency. Critically, it includes all the major institutions of the neoliberal 'corporate food regime'. Among the five business leaders invited by President Obama to address the G8 Camp David summit on strategies for increasing food production and eradicating poverty in Africa was Strive Masiyiwa, a London-based Zimbabwean billionaire and one of Africa's most prolific 'philanthropists'. As the founder of Econet Wireless, Masiyiwa played a key role in the neoliberal struggle to liberalise the African telecommunications sector during the 1990s. He became co-chair of Grow Africa in 2013, before taking over from Kofi Annan as AGRA chairman. In April 2016, Masiyiwa started working as an advisory director for Unilever.

¹¹ Microfinance initiatives targeted at the poor under the banner of 'financial inclusion' are typically seen as useful supplements for these 'inclusive business' models, which aim to construct market-resilient subjects locked into globalised capitalist agribusiness.

These New Green Revolution projects and programmes (summarised in Table 3 below) reflect global agribusiness' revised neoliberal strategy of 'sustainable intensification', which seeks to promote

a corporate-controlled vision of 'climate friendly' agriculture, using lots of greenwashing to distract from the negative social, environmental and climate impacts of the agribusiness sector' alongside 'promoting ineffective and misleading labelling schemes like the Round Table on Responsible Soy – legitimising the expansion of GM soy plantations (Tansey 2015: 7; McMichael 2017: 255-60).

Under the guise of supporting smallholder farmers, capitalist states and philanthrocapitalist foundations have mobilised funds to subsidise the higher costs and risks of FDI for some of the world's largest and most profitable corporations. In doing so, G8-backed initiatives, such as the New Vision, Grow Africa, and the New Alliance, confer legitimacy and resources upon the private investments of major agribusiness, fertiliser, commodity trading and food MNCs, along with the banking institutions which finance them.

Table 3: Summary of new Green Revolution initiatives

Initiative	AGRA	WEF Vision	New	Grow Africa	G8 Alliance	New
Launch date	2006	2009		2011	2012	
UK support	£7m				£600m	
African countries involved						
Benin					X	
Burkina Faso	X	X		X	X	
Ivory Coast					X	
Ethiopia	X	X		X	X	
Ghana	X	X		X	X	
Kenya	X	X		X		
Malawi	X				X	
Mali	X					
Mozambique	X	X		X	X	

Niger	X			
Nigeria	X	X	X	X
Rwanda	X	X	X	
Senegal				X
South Africa	X			
Tanzania	X	X	X	X
Uganda	X			
Zambia	X			
Multinational corporations involved				
Armajaro			X	X
Cargill	*	X	X	X
Diageo		X	X	X
DuPont		X	X	X
Monsanto	*	X	X	X
Rabobank		X	X	X
SABMiller		X	X	X
Swiss Re		X	X	X
Syngenta		X	X	X
Unilever		X	X	X
United Phosphorus		X	X	X
Vodaphone			X	X
Yara		X	X	X

Source: Haigh (2014: 20).

Note: AGRA is funded by the Bill and Melinda Gates Foundation, which has 500,000 shares in Monsanto and a partnership with Cargill in a soya initiative.

Conclusion

The end of the ‘long 1990s’ economic boom and apparent ‘return of the state’ in response to the GFC appeared to delegitimise neoliberal ideology. By exacerbating class resentments stoked by the domestic burdens of global neoliberal restructuring, the unfolding of this crisis, subsequent recession and a decade of austerity spawned a broad social radicalisation. This, in turn, created the conditions for the rise of political leaders openly disdainful of ‘free markets’ and globalisation on both the right and the left.

Yet, ‘actually existing neoliberalism’ is not reducible to ‘free market, small state’ ideology. As Slobodian (2018: 2; see also Kiely 2018) clarifies, twentieth-century neoliberals shared with reformist critics of liberal capitalism the view that markets were *not* self-regulating. As historical products of human action, they were innately political and institutional constructs that had to be made and remade. Where neoliberals differed was in advocating ‘anti-reformist’ reforms designed to *stabilise* the system and ensure its survival over the long-term:

The core of twentieth-century neoliberal theorising involves what they called the meta-economic or extra-economic conditions for safeguarding capitalism at the scale of the entire world [...] the neoliberal project focused on designing institutions – not to liberate markets but to encase them, to inoculate capitalism against the threat of democracy, to create a framework to contain often-irrational human behavior, and to reorder the world after empire as a space of competing states in which borders fulfil a necessary function.

Rather than the ‘retreat of the state’, neoliberalism has instead focused on the construction of ‘a particular kind of state suited to the logic of capital in a specific historical phase of capitalist development’ (Albo and Fanelli 2014: 7).

Now that the myth of ‘free markets’ can no longer convincingly naturalise the ‘public’ role of states in imposing ‘actually existing neoliberalism’, the discourse of ‘stakeholder capitalism’ represents its continuation by other means. By ‘reinventing’ financialised global capitalism as a force for reform in response to its own crisis – albeit a supposedly more ‘long term’, ‘inclusive’ and ‘sustainable’ variant managed by ‘multistakeholder’ coalitions – the class forces and institutions driving neoliberal globalisation have blurred the discursive boundary between the public and private spheres, only to buttress the

material differentiation of the economic and political constitutive of capitalism. Through colonising the ‘public’ world of governments, international organisations and NGOs, this ‘post-democratic’ project of redesigning institutions to insulate capitalism from resurgent popular-democratic pressures linked to deepening crises effectively depoliticises the continued economic dominance of capital accumulation over society and nature. Indeed, despite pretensions to move beyond profit-maximisation, corporations’ attempts to satisfy extra-economic interests remain firmly grounded in the same capitalist market imperatives that proponents of ‘stakeholder capitalism’ now claim to be addressing.

Furthermore, insofar as social and natural wealth are only counted as value under capitalism, the domination of use by exchange entails the systematic distortion, devaluation and destruction of the former by the latter (see also Postone 1993; Saad-Filho 2003; Foster *et al.* 2011). Corporations’ claims to square profit with purpose under the guise of ‘doing well by doing good’ are, thus, belied by continuing structural conflicts between making money and achieving social and environmental objectives. In Bakan’s (2020: 4) words, their legal obligation to act in the financial ‘best interest’ of shareholders ensures that ‘they can only do as much good as will help them do well’. This, thereby, presents ‘a profound constraint in terms of what kinds and amounts of good they are likely to do’ and effectively licences them ‘to do “bad” when there’s no business case for doing good’.

As the role of capitalist states in crisis management becomes more pronounced, some aspects of neoliberal orthodoxy will be strengthened and others rolled-back. If the left is to prevent the gradual reabsorption of counterhegemonic movements within a modified hegemonic bloc cohering a new long-wave of ‘long-term’, ‘inclusive’ and ‘sustainable’ accumulation, it must seek to challenge increased state activity driven by the needs of capital rather than an insurgent left or militant trade union movement.

The provision of basic use values is too important to be left in the hands of private corporations motivated by the production of exchange value. Instead of relying on the supposedly ‘benign’ impulses of corporate or state managers to forge a new ‘social contract’ from above, trade unions and the left need to champion political mobilisations from below to shift the balance of forces from capital to labour, and decouple social and ecological priorities from the reproduction of neoliberal globalisation.

Ultimately, the realisation of worker-centred, socialist alternatives will require nothing less than an end to the exploitative capitalist system and its replacement by a comprehensive framework of democratic public ownership and control which, to borrow Gindin's (2020) phrase, cuts out the 'self-serving middle-man'. The real alternative to 'shareholder capitalism' is not 'stakeholder capitalism', but a socialist society where purpose is no longer constrained and distorted by profit. Only then will social institutions be truly democratically accountable to the 'stakeholders' most affected by their actions.

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ANTI-POLITICS IN AUSTRALIA: HYPOTHESES, EVIDENCE AND TRENDS

**Elizabeth Humphrys, Simon Copland and
Luke Mansillo**

Mass participation in democratic politics emerged at the end of the Nineteenth Century. This was predicated on the widespread acceptance that representative politics, democratic electoral processes, and mass membership parties and trade unions, were central to advancing people's social interests (Mair 2013: 77). This social contract has come under increasing fragmentation in recent decades and is a developing area of research internationally (Stoker *et al.* 2018; Glaser 2018; Wood 2015; Hay 2007).

In many long-term democratic countries, this destabilisation has been linked to a process of anti-politics and the rise of anti-politicians (Stoker 2006: 40). 'Anti-politics' can be broadly understood as the growing mood of public disaffection towards contemporary politics and politicians, and often the mobilisation of that mood by new (or newly re-made) politicians and political projects (Humphrys 2018a). Some highlight the connection between growing anti-political sentiment, or related processes of depoliticisation and populism, and the relinquishment of responsibility for economic planning and governing by politicians and state managers as neoliberalism has advanced (Burnham 2014). However, others situate this political rupture in longer-run developments pre-dating this era, even if they accelerated after the 1970s (Clarke *et al.* 2017).

Australia has not experienced a Brexit, Trump, *gilets jaunes* or Five Star Movement anti-political 'moment'; yet there is a tendency by the media and political pundits to compare or read the situation off that in other

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locations. For example, a 2017 BBC article argued that Pauline Hanson was a contender ‘for the title of Antipodean Trump’ (Marks 2017), and a recent opinion piece in the *Australian Financial Review* argued Australia’s immigration policy is a Brexit waiting to happen (Roggeveen 2019). Rather than presume comparability regarding a potential source for anti-politics in electoral fragmentation, this article examines evidence for this.

We use the approach employed by Peter Mair when examining the long-term democratic countries of the European Union, in his posthumously published *Ruling the Void* (2013), and consider data related to electoral participation, party loyalty, electoral volatility and party membership. Mair (2013: 20) argues that although there is increasing debate about citizen disengagement, ‘both in the scholarly literature and in the popular media, the evidence of this withdrawal is sometimes disputed’. We acknowledge that some of the terrain we cover has already been considered by others (see in particular, McAllister 2011; Denmark *et al.* 2007; Donovan *et al.* 2007). However, we agree with Mair that it is important to conduct an assessment that draws together the various features of popular withdrawal from politics. In doing this, we offer a more comprehensive overview than presently exists in the scholarly literature, and assess the timing of neoliberalism in relation to shifts in citizen disengagement. In doing so, we demonstrate how political decomposition and potential deepening of anti-politics represents a significant political economic challenge in Australia, as it directly impacts the capacity of the political class to execute new projects. This dwindling faculty of political society poses particular challenges when seeking to address global existential threats to humanity, such as climate change or future pandemics akin to COVID-19.

In the first section of this article, we consider approaches to understanding the phenomenon of anti-politics. In section two, we detail our methodology by drawing on Mair’s approach, as well as issues relevant to data availability and quality. In section three, we examine the relevant Australian electoral and party data, and detail our findings. In the conclusion we argue that there is evidence indicating political disengagement and fragmentation is taking place in Australia, potentially underpinning processes of anti-politics. The evidence we present points in the same direction, but Australian electoral institutions (compared to those analysed by Mair) create measurement error, which obscures the distinctiveness of the signal trends. We find that on most indicators, the phenomenon pre-dates the neoliberal era in Australia.

The rise of anti-politics

Anti-political sentiment and large scale anti-political moments are of increasing interest for scholars. Such moments include Brexit and the election of Donald Trump, which were both the result, at least in part, of large-scale mistrust in established political figures (Hobolt 2016; Inglehart and Norris 2016). Vittorio Mete (2010: 39-40) articulates anti-politics as:

made up of the sum of the critical discussions, attitudes and actions directed against political actors and institutions by different individuals who in a variety of roles form part of the political community (political leaders, ordinary people, political militants, journalists, businessmen, exponents of civil society *etc.*). Anti-political criticism particularly focuses on political parties and professional politicians, who are accused of being corrupt, inefficient, parasitic, incapable, arrogant, open to bribery and remote from people's needs.

Thus, anti-politics consists of a broad, and growing, disenchantment amongst the general voting public in liberal democracies and, in particular, the political class (Schedler 1996; 1997; Hay 2007; Clarke *et al.* 2016). As Copland (2019: 4) argues, anti-politics encapsulates the sentiment 'that mainstream political systems are not functioning, and are designed to benefit those who are already in the elite at the expense of "everyday people"'. These sentiments, identified by Mete and Copland, have contributed to the decline of mass participation in democratic politics. This has resulted in decreasing voter participation, a drop in partisan loyalty, growing electoral volatility, and a decline in membership and engagement both with political parties and other civil society actors such as unions.

While deeply linked, the notion of anti-politics differs from similar concepts, in particular 'populism' (Copland 2019). While studies of populism do incorporate both elements, the literature primarily examines the phenomenon utilising a top-down approach (Barr 2009), while anti-politics is more bottom-up (Schedler 1997). Studies of populism primarily examine high-profile maverick leaders who use anti-establishment and anti-elitist messages to gain support. The anti-politics literature, however, examines these feelings amongst the broader populace, studying how populations react against the political class and how political leaders mobilise around this sentiment. Anti-politics, therefore, 'can be seen as one of the main features characterising populism', with anti-politics frequently being 'one of the rhetorical tools used by populist leaders in their public speeches' (Mete 2010: 42-3). In a similar vein, Humphrys and

Tietze (2013) emphasise that anti-politics can be both ‘a widespread mood’ among ordinary people, as well as a ‘political strategy’ mobilising that mood and used by sections (or aspiring sections) of the political class.

With these frameworks in mind, it is useful to understand Mair’s analysis in *Ruling the Void* (2013) as being a version of either anti-politics from below (Metz 2010), or as a reflection of the ‘widespread mood’ among ordinary people (Humphrys and Tietze 2013). Anti-politics, as opposed to populism and other similar concepts, presents a valuable tool to study sentiments held by the broader populace opposing the political class. In doing this, Mair examines a number of indicators through which he thinks it is likely the general population is expressing this general sentiment (or ‘widespread mood’): reduced voter turnout, increased electoral volatility, reduced party loyalties, increased votes for minor parties, falls in party membership and that of civil society organisations (*i.e.* unions).

Methodology

Mair argues the age of party democracy is over. His research details an unmistakable trend in popular disengagement from politics, connected to a ‘generalised anti-political mood across advanced capitalist countries’ (Mair 2013: 3). He argues that although his research and findings focus on the European Union, the lessons and trends are more broadly applicable across advanced capitalist countries (Mair 2013: 8). Utilising a methodology similar to that used to analyse climate change, he argues that in assessing various indicators over time, the small shifts take on a different meaning when considered alongside longer-term trends and multiple criteria. Thus, although the pattern might not be wholly unidirectional, the overall direction and reach of the phenomenon is key (Mair 2013: 26-7).

Our research has examined Australian electoral data across the same indicators as Mair, and in the following we explore evidence for anti-politics as follows: electoral participation (turnout and informal voting); party loyalty (partisanship); electoral volatility (major party first preference votes and consistency of vote); and, party membership (including a consideration of trade union membership). In relation to electoral volatility, we have focussed on the House of Representatives, and have not considered Senate voting patterns. Since government is formed in the lower house, these electoral contests are the location where voters

make their retrospective assessments of government performance (Fiorina 1978).

Aspects of Australian democratic institutions present difficulties to test Mair's thesis, and below we outline some of these characteristics. In the later section on voter turnout, we also discuss the implications of compulsory voting and challenge of measuring the decline in electoral participation.

Data availability and data quality

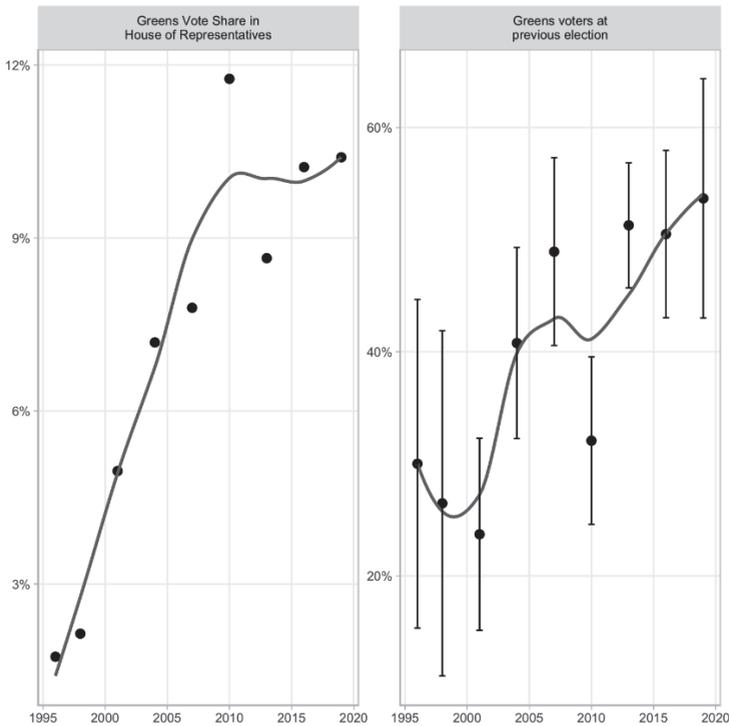
In order to consider the timing of changes to the implementation of neoliberalism, we have sought (where possible) to examine data that commences well prior to the start of the neoliberal era. The Commonwealth body that oversees elections commenced collating and releasing electoral data to the public from 1949. We have, therefore, commenced our analysis of this data from that point. In regard to opinion data, social attitudes surveys rarely provide insight into social attitudes in the pre-neoliberal era, due to when they were conducted. There are also significant issues of data availability and quality regarding membership of Australian political parties, although this is not unusual internationally (Van Haute *et al.* 2018: 369). We have relied on two data sets to analyse party membership. Primarily we have used the international Members and Activists of Political Parties (MAAP) dataset (Van Haute *et al.* 2015). For the Australian Greens, we have used data collated by Stewart Jackson for the period 1989-2012 (Jackson 2011), combined with that provided to us directly by the national office of the Australian Greens for the period 2012-2019. We believe this combined data gives the most complete figures available for the Greens and is more extensive than those in the MAAP dataset.

Defining the major parties

We include the following parties within the category 'major parties': the Australian Labor Party; the Liberal Party of Australia; the National Party of Australia, and the predecessor parties to them in-line with the literature (Jackman 2003). We carefully considered whether to include the Australian Greens as a major party, given its reputation as Australia's 'third major party' in parts of the media narrative (Quinn 2010). This is a

decision that has a significant impact on evaluating the total major party vote over time. An increasing number of Greens voters who had also voted for the Greens at a previous election, alongside an increasing vote overall, could be viewed as an indication of growing stability and the transition of the Australian electoral system from a two-party to a three-party system. Between 1996 and 2016 the number of Greens voters who had voted for them at a previous election increased by 20 percent (see Figure 1).

Figure 1: Proportion of Australian Greens voters (%) who voted for the party at the previous election



Source: Australian Electoral Commission; authors' calculations using the Australian Election Study (1996-2019).

We are of the opinion, however, that the formation of the Greens speaks directly to the longer run fragmenting of traditional political structures in Australia. The time period covering the Greens' presence is also historically short, and we are disinclined to draw conclusions about a more fundamental reorganisation of the major parties at this time. On this basis, we have not included the Greens in what we term the 'major parties' for the purposes of our analysis.

In moving to discuss our results, we first examine existent data and discussion of anti-politics in Australia. We then proceed, as Mair did, in considering electoral participation, party loyalty, electoral volatility and party membership in turn.

Anti-politics in Australia?

There has been a growing interest in trust in the Australian political system in recent years. Stoker *et al.* (2018) conducted a systematic review of research on trust in Australian political systems, with data going back to the 1990s. In 2018, they found that fewer than 41 percent of Australian citizens were currently satisfied with the way democracy works, down a staggering 45 points from 86 percent in 2007. They conclude that there is compelling evidence of 'an increasing trust divide between government and citizen [...] and lack of public confidence in the capacity of government to address public policy concerns' (Stoker *et al.* 2018: 9).

While the specific numbers vary, this collapse in trust in Australian political institutions is also commonly found in data from Australian polling agencies (*e.g.* Markus 2014; McAllister and Cameron 2019). Each year, the polling company Edelman conducts international polls examining levels of trust across the globe. In 2019, the survey found that in Australia only 42 percent of the 'general population' trusted government, although this had increased by seven percent since 2018 (Edelman 2019). Some pollsters have found that this distrust goes beyond concern about the specifics of Australian institutions and toward democracy itself. Research prior to the 2016 Australian Federal Election found that only 42 percent of Australians were happy with the way democracy worked (Evans *et al.* 2016). Moreover, this figure may continue to fall as the percentage of those who have little faith in democracy was much higher amongst those aged between 18 and 29 (Oliver 2014).

The Australian Election Study also provides a detailed analysis of electoral engagement (McAllister and Cameron 2019). While the latest survey found small upticks in engagement in the 2019 election compared to 2016 – for example, watching pre-election debates or trying to persuade others how to vote – there remains an overall trend of decreased engagement in Australian elections from the general public. The Study also shows increasing electoral volatility in Australia, including that people made their decision on who to vote for later in the campaign and a significant fall in those who consider themselves ‘lifetime voters’ for one of the two major parties.

Alongside this, some scholars have identified moments of anti-politics in Australia, particularly analysing anti-politics as a political strategy used by members of the political elite to gain support. Much of this literature focuses on populism which, as Mete (2010) points out, is best viewed as an expression of top-down anti-political sentiment. Moffit (2017), for example, argues that there is a specific version of ‘Antipodean’ populism that has developed in Australia and New Zealand. This populism – informed by both countries’ status as settler colonial states and geographically isolated islands – focusses on excluding ‘others’ along material, political and symbolic dimensions; has a producerist notion of ‘the people’; and sets up the ‘elite’, ‘immigrant others’ and ‘Indigenous people’ as triple enemies. Moffit argues that this Antipodean populism has been expressed in Australia through a series of right-wing individuals including Clive Palmer, Jackie Lambie and Bob Katter – but, most particularly, Pauline Hanson (see also Stoker 2006: 134). This populism, however, struggles somewhat due to Australia’s strongly institutionalised electoral system and design of the country’s almost universal bicameral parliaments (save Queensland and the two territories). Populism is also limited because many populist ideas have been adopted by mainstream parties. This mainstreaming of populism was particularly evident in the Howard era from 1996 to 2007 (Sawer and Laycock 2009; Wear 2008; Curran 2004), with the Liberal Prime Minister using rhetoric against ‘special interests’ and ‘liberal elites’ as a core part of his ongoing appeal (Pearse 2017).

Other authors have studied particular moments of the expression of anti-political sentiment in the Australian context. Of particular concern has been Australia’s ‘revolving door of Prime Ministers’, which some argue is partly the outcome of a crisis in domestic politics due to a deep decline in trust in the system (Evans *et al.* 2019). Tietze (2015), in particular, argues

that there has been a hollowing out of the social bases of Australia's major political parties in recent decades, resulting in rolling crises in the political sphere – especially since the election of Kevin Rudd in 2007. Copland (2019) also examines the campaign against the carbon tax, introduced by the Julia Gillard-led ALP Government in 2011, as an example of this form of anti-political campaigning. He outlines how the main figurehead of this campaign, opposition leader, Tony Abbott, tapped into a range of anti-political sentiments (such as distrust in the elite) to oppose the carbon pricing regime.

Humphrys (2019: 227) argues that although the phenomenon of anti-politics predates the rise of neoliberalism, it appears the era of economic reorientation may have accelerated it. However, the lines of causation and relationship require further research. In regards to this research project, we understand neoliberalism to be a state-centred political project, shaped by a macroeconomic approach to reorient national economies in the wake of the 1970s economic crises. Although there is significant national variation, 'more enduring' policies include privatisation and outsourcing, flexible labour markets, deregulation of financial markets and exchange controls, and monetary policy to maintain low levels of inflation (Davidson 2013: 190). In Australia, we consider the start of the neoliberal era to be the 'vanguard' reorientation of economic policy along neoliberal lines, with the election of the Hawke ALP Government in 1983 (Humphrys 2019: 93-101).

Electoral participation

Declining voter turnout at elections

One of the noteworthy features of Australian electoral politics is compulsory voting. It was first introduced at Commonwealth elections in 1924, and Australia remains the only majority English-speaking country to have adopted this policy. Compulsory voting was introduced to address the problem of low voter turnout in the wake of World War I, and Australia has maintained higher voter turnout than comparable democracies as a result (Franklin 1999). While compulsory voting is considered by many to involve the positive integration of citizens into the political process, it is simultaneously a mechanism that compels the integration of civil society (and elements that might be politically disenfranchised) into the functions

of the state. In that sense, it attempts to engender consent for the processes of representative democracy (Humphrys 2019: 40).

Compulsory voting compels citizens by fining those on the electoral-roll who do not cast a vote in Commonwealth, state and local elections. While electors can still choose not to vote, the fine ensures a high participation rate compared to voluntary voting as there is, in effect, no lawful or inexpensive option to exit the process. Demand for voting for a party is no longer conditioned by the priced opportunity cost of voting; instead, it rests on the quality of choices on offer (Hirschman 1970: 23). The implication of this is that trends in electoral participation will not be as prominent or significant as in countries with voluntary voting.

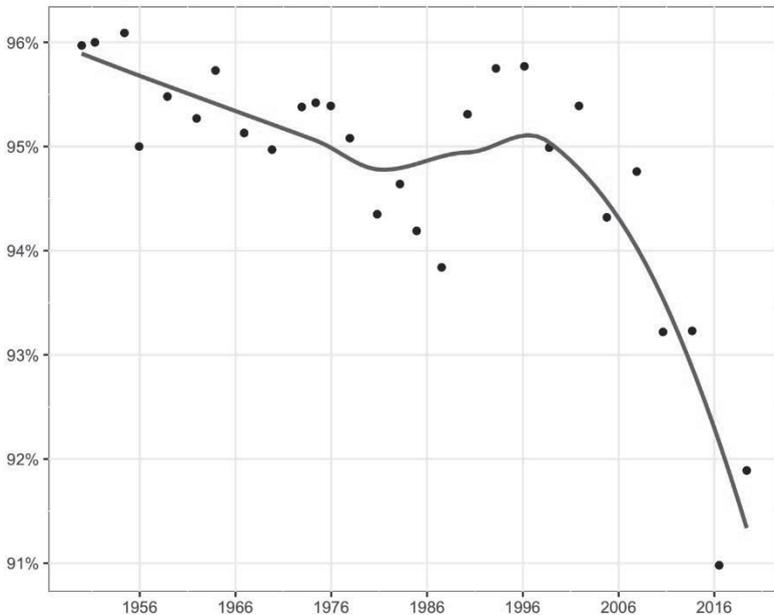
A key indicator of citizen disengagement is electoral turnout, especially when this is considered alongside other forms of mass political behaviour (Mair 2013: 21). Mair argued that declining turnout data across the European counties he examined must be understood as ‘something both unidirectional and pervasive, and that offers a striking indicator of the growing enfeeblement of the electoral process’ (Mair 2013: 26). While he notes that generational replacement may be a factor, where ‘non-participating younger people replace participatory older generations in ever-changing electorates’ (Mair 2013: 23), it could equally be the result of ‘sheer boredom’ (Mair 2013: 26).

In Australia, as detailed in Figure 2 below, voter turnout has been falling. Election turnout remained in the range of 94-96 percent from 1949 until the election of the ALP Rudd Government in 2007, but since then has experienced a noteworthy decline. As the trend line indicates, turnout trended down from 1950-1980, before trending up slightly with higher turnout in the 1990, 1993 and 1996 elections, and then entering a sharper decline.

Various changes to the voting enrolment process in Australia have impacted the percentage of potential voters listed on the electoral roll. Turnout is reported as a percentage of those eligible to vote (*i.e.* enrolled) and, although it has always been compulsory to enrol, this has not been tracked or enforced through penalties (as it is with failing to vote). However, since 2010 a process of direct (‘automatic’) enrolment, using Commonwealth and state government data such as driver’s licences, taxation returns and granting of citizenship, has increased the number of potential voters who are enrolled. Alongside this, factors such as better resourcing of enrol-to-vote drives, have increased the percentage of

potential voters who are enrolled, and this may have impacted what we are observing in terms of turnout. However, even accounting for these factors, it is likely that there has still been a meaningful drop in turnout, while a higher percentage of potential voters enrolled does not exclude the lower turnout connected to political disengagement. Although there was a temporary rise in turnout from the mid 1980s to around the year 2000, the overall trend predates the neoliberal era (despite speeding-up during it).

Figure 2: Turnout (% of all votes), House of Representatives, 1949-2019



Source: Sharman (2020); Australian Electoral Commission (2019).

Note: 1949-2016 data was sourced from the University of Western Australia's *Australian Politics and Elections Archive 1856-2018*, and 2019 data from electoral returns.

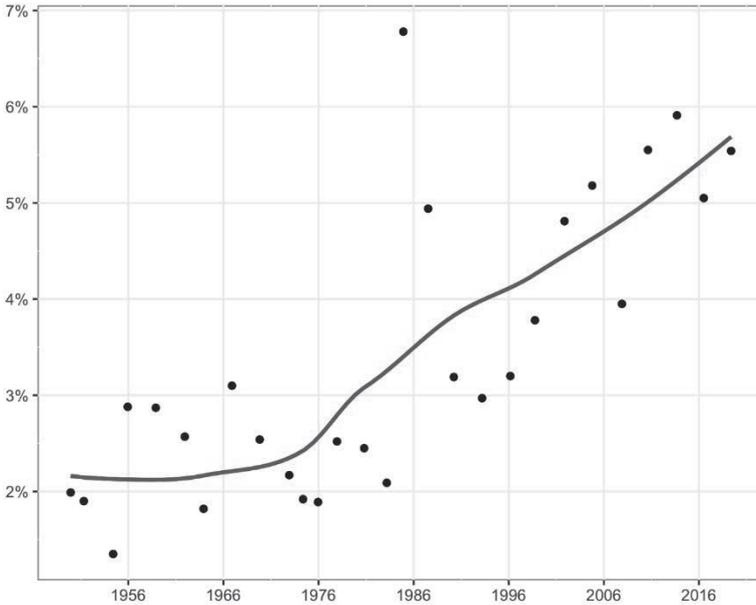
Increasing informal voting

Any level of informal voting calls into question the legitimacy of a democracy's electoral system (Kelly 2012: 54), and Australia has one of the highest rates of informal and spoiled voting amongst long-term democratic countries. This is commonly viewed as a consequence of compulsory voting (Birch 2009; AEC 2003a), and the complexity of the electoral system and ballot completion rules (Mackerras and McAllister 1999: 224-6). In a system of compulsory voting, it is regarded as a 'functional equivalent of non-voting' (Hill and Rutledge-Prior 2016: 401), and Shaun Major argues that 'the informality rate increases under compulsory voting because voluntary abstention is no longer an option' (cited in Medew 2003: 8).

Informal votes fall into two categories: unintentional and intentional. In Australia, unintentional informal votes are 'the result of either defective numbering or the use of ticks or crosses instead of numbers', while intentional informal votes are 'taken to be those that have either been scribbled on or left blank' (Hill and Rutledge-Prior 2016: 401). Informal voting is also linked to the failure of the system to adequately facilitate the votes of all electors. Sally Young and Lisa Hill (2009: 79) argue that a 'significant number of voters are effectively excluded from the electoral process by the high threshold for valid voting', and that these voters 'tend to be drawn from amongst the already socially excluded whose education levels, low literacy/numeracy skills of low English-language proficiency' limit the ability to participate. Jackman (2005) notes that ballot length and informality are related – a relation that becomes stronger with voters from non-English speaking households – and that informality decreases as tertiary education rises.

Between 1901 and 1983, the informal vote was mostly between two and three percent – with the exception of several elections in the late 1920s and early 1930s, when it spiked to four and five percent on several occasions, and in the 1950s-1970s when it occasionally fell slightly below two percent (Australian Electoral Commission 2003b). As Figure 3 illustrates, the informal vote has been increasing since the mid-1970s – prior to the neoliberal era in Australia – and has not been below three percent since the 1996 election. In elections since 1996, it has been above five percent in five of the eight federal elections. At the 2013, election the informal vote was 5.91 percent, in 2016 it was 5.05 percent, and at the 2019 election it was 5.54 percent.

Figure 3: Informal Vote (% total informal votes), House of Representatives, 1949-2019



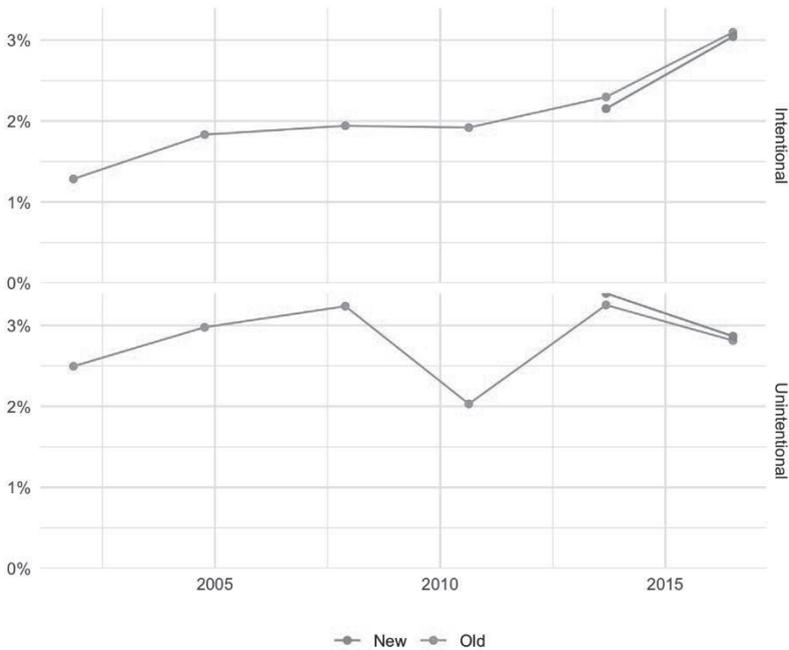
Source: Sharman (2020); Australian Electoral Commission (2019).

Note: 1949-2016 data was sourced from the University of Western Australia's *Australian Politics and Elections Archive 1856-2018*, and 2019 data from the electoral returns.

Although it is 'impossible to be certain of the true intent of informal voters' (Hill and Rutledge-Prior 2016: 401), and as detailed in Figure 4, the proportion of votes assumed to be intentional informal votes has been increasing – although the relatively short time-frame involved means this phenomenon requires further observation. One hypothesis is that young voters are driving the rise in intentional informal voting. Hill and Rutledge-Prior (2016: 412) have assessed aggregate level Census data and the results of the Australian Electoral Study (AES) regarding young people and political disaffection – addressing themes such as interest in politics, trust in politicians, dissatisfaction with democracy and perceived lack of political choice amongst candidates – and conclude that there is 'evidence

for the suspicion that younger voters are playing a key role in the large and apparently rising share of intentional informal votes at Australian national elections'. Moreover, based on the AES, it is reasonable to assume that 'in the absence of alternative legal exit options like "None-of-the-Above" voting', intentional informal voting may be rising as a result of protest and dissatisfaction (Hill and Rutledge-Prior 2016: 413).

Figure 4: Assumed unintentional and intentional informal voting (% total cast votes), House of Representatives, 2001-2016



Source: AEC (2017).

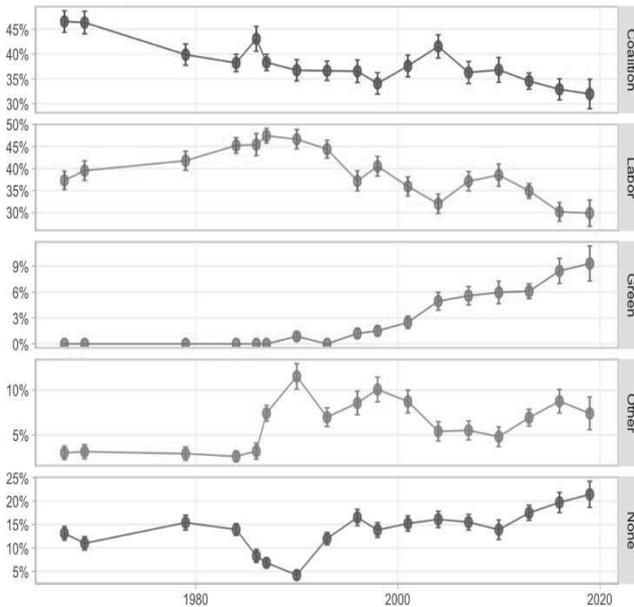
Note: Figures for 2001-2010 use an older AEC definition, and 2013 and 2016 use a refined one. For comparison purposes, the figures in brackets for 2013 and 2016 use the older definition.

Party loyalty

Weakening identification with political parties

To understand trends in party loyalty, we examined survey data regarding partisanship. Since 1966, three national surveys have asked Australians about their identification with Australia’s political parties, and we have combined data from these: Australian National Political Attitudes Surveys (1966, 1969, 1979); National Social Science Survey (NSSS) (1983-1988); and the Australian Election Study (1987-2019). These surveys each ask which parties, if any, a voter identifies with, as well as the strength of that identification. Partisanship measures can be identified in Figure 5.

Figure 5: Partisanship identification as indicated by surveyed voters, 1967-2019



Source: Authors’ calculations; Australian National Political Attitudes Survey (1967-1979); Australian National Social Science Survey (1983-1988); Australian Election Study (1987-2019).

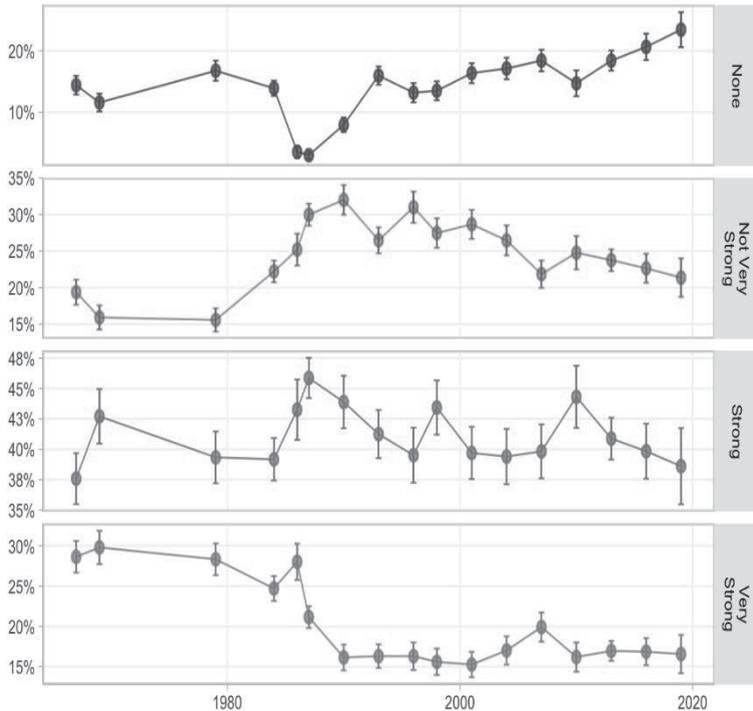
Partisanship is cyclical and follows who is in government at the time. Identification with the ALP, for example, is at its highest during the Hawke/Keating era, while, despite a steady decline, identification with the Coalition sees two small spikes during both the Fraser and Howard Governments. However, there is a clear steady decline in partisan identification for both major parties. After a high of above 45 percent in the late 1960s, identification with the Coalition declined to just above 35 percent during the Hawke/Keating era in the 1980s. After a slight increase during the Howard Government, identification with the Coalition has since declined to 32 percent. Identification with the ALP started below that of the Coalition at 37 percent in the late 1960s. This rose to above 45 percent during the Hawke/Keating era, but has since declined steadily (despite a small rise during the Rudd/Gillard Governments) to 30 percent in 2019.

At the same time as these declines, we can see increasing partisan attachment to the Greens, aligning with their rise as a third major force in Australian politics. In 2019, nine percent of respondents said they identified with the Greens, a new high for the party. Alignment with other parties varies. While these numbers stayed at approximately 1-2 percent in the 1960s-1980s, there is a sharp increase to above 10 percent by the early 1990s. This likely aligns with the rise of the Democrats as a third force in Australian politics at that time. These numbers have then fluctuated, matching the fluctuating fortunes of other parties across this period (as discussed in the section on electoral volatility below). Finally, the percentage of respondents who answered that they do not identify with any party has steadily risen to 21 percent in 2019.

We can also see changing trends in the strength of partisanship, as seen in Figure 6, with the number of people who do not identify with a party rising to 21 percent in 2019. Those who do identify with a party do not identify as strongly as in the past, and those who rate their partisanship as 'very strong' has halved from 30 percent in the late 1960s to only just above 15 percent in 2019.

While party loyalty fluctuates based on who is in government at any particular point of time, through this data we can see a clear and defined decrease in identification with Australia's two major parties. In 2019, a record number of Australians indicated that they did not identify with any party at all. Those who do identify with any party also identify with those parties less strongly, with those who indicate that they have a very strong identification with their party halving in the past thirty years.

Figure 6: Strength of partisanship as indicated by surveyed voters, 1967-2019



Source: Authors’ calculations; Australian National Political Attitudes Survey (1967-1979); Australian National Social Science Survey (1983-1988); Australian Election Study (1987-2019).

Electoral volatility

Electoral volatility is an indication of voters’ willingness to change their voting behaviour across electoral cycles. The level of volatility, as Mair (2013: 29) explains, describes ‘the behaviour of those citizens who do participate, and measures the extent to which their voting patterns reveal consistency and stability over time in the distribution of partisan preferences.’ A particular indicator of volatility is that people are more

willing to vote for new parties and new candidates, with these parties and candidates receiving increased success.

Weakening major parties vote

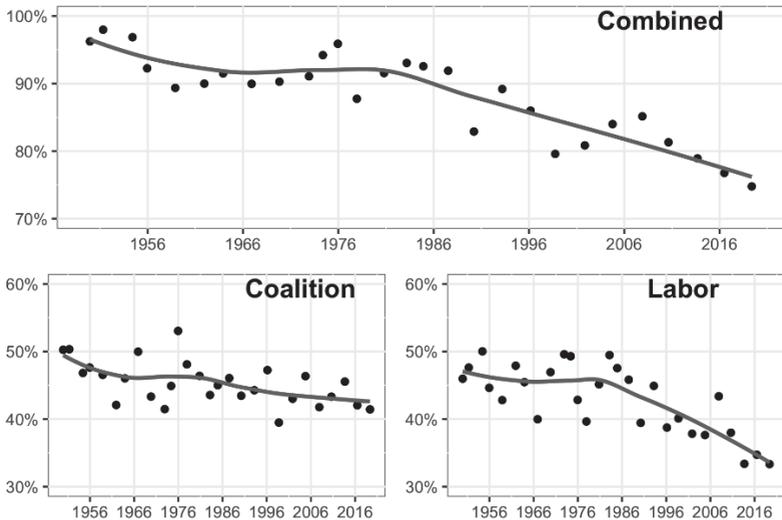
Alongside our other measures, the nature of the Australian electoral system influences our ability to measure electoral volatility. Australian federal elections operate under a compulsory preferential model. Voters in Australia are required to number all candidates on a ballot paper in order of preference in most elections. If a voters' first preference is not successful, their vote transfers to their second, third, fourth *etcetera* preferences. In practical terms, this means that in votes in the House of Representatives, the vast majority of contests, after preferences are distributed, are measured as contests between the two major parties. This is called 'two party preferred' and is measured by the Australian Electoral Commission at a national, state and individual electorate level. The total vote going to the major parties has been in steady decline in Australia since 1980 (see Figure 7 below).

Preferential voting makes it much harder for volatility in voting preferences to destabilise the two-party system. As voters are required to preference all candidates, a vote for a minor party candidate has a lesser impact than in a first-past-the-post system. While, for example, the ALP has worked to regain voters lost to the Greens, they have simultaneously largely been able to rely on those votes to return to them in preferential distributions. In the 2019 election, the flow of these preferences to the ALP was 79 percent (Scales 2019). Compared to first-past-the-post systems, therefore, preferential voting changes the calculus for voters. Preferential voting allows voters to vote for a minor party with less risk of destabilising the system overall. This is why for Labor partisans, the Greens are 'a convenient method of protesting against Labor [...] without making the much more substantial commitment of voting Liberal' (McAllister 2011: 108). However, this can work in two ways, making voters feel either more comfortable voting for a third party as there is less risk of it destabilising the system or, alternatively, discouraging this activity as it is seen pointless precisely because it does not have this destabilising effect.

These trends are impacting both major parties. Figure 7 shows the first preference vote for the Coalition and ALP respectively. First preference votes for the Coalition decreased earlier than the ALP – dropping from just

under 50 percent in the late 1940s to just above 45 percent in the 1960s. After a slight plateau, Coalition votes have since decreased to approximately 41.4 percent by 2019. The Labor Party’s vote remained flat in the early stages of our dataset, up until the early 1980s. It has since seen a steeper drop-off, from just above 45 percent in the early 1980s to 33.34 percent in the 2019 election.

Figure 7: Major party vote (% total votes), House of Representatives, 1949-2019



Source: Australian Electoral Commission.

Part of these differences can be explained by the particularities of the destabilisation in the Australian context. Australia has seen the rise of a number of minor parties in the time period of our data collection, including the Democratic Labor Party (DLP) from 1955-1978, the Democrats (who held seats in the Australian Senate continuously from 1977-2004), One Nation (who rose in the late 1990s and then reappeared again in the 2016 federal election), and the Greens (who first won seats as a national party in 1996 federal election and have seen a steady increase in their vote ever since).

In 2018, the Grattan Institute reported on this rise of minor parties in Australia, focussing on the period after 2004 (Wood and Daley 2018). They concluded that ‘the minor party vote is mostly a protest vote against the major parties: a vote for “anyone but them”’ (p. 3). The Institute argues that this is based primarily on falling trust in government, with minor party voters showing significantly more distrust in government than major party voters. One complication to this, however, is the establishment and rise of the Australian Greens.

The growth of the Australian Greens

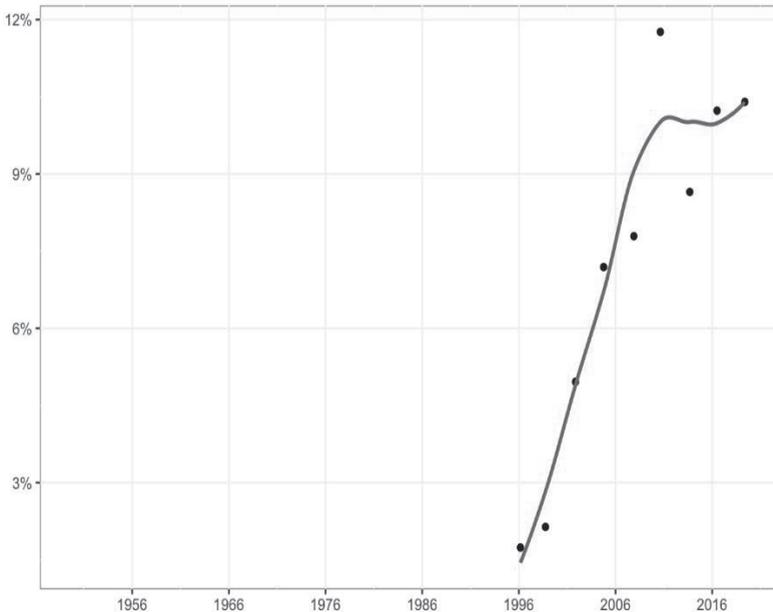
The Greens were formed on the back of the conservation and other social movements of the 1970s and 1980s, federating into a national structure in 1992 – although the West Australian Greens did not join until 2003 (Tietze 2010). The Greens vote and membership surged around 2000, in the context of the Global Justice Movement, the invasions of Afghanistan and Iraq, and the Tampa Affair election in 2001 – where the issue of Australia’s hard-line position on refugees who arrive by boat was central (Tietze 2010; McAllister 2003). The party has grown from 2.92 percent of the national vote in 1996 to consistently being above 10 percent of the vote in elections since 2010, as demonstrated in Figure 8.

While the rapid rise and decline of other minor parties is often directly associated with anti-political sentiments (Grattan Institute 2018), the narrative around the sustained rise of the Greens is less coherent. While a significant proportion of Greens votes – particularly in the party’s early years – were registered as a ‘protest vote’ against the ALP, the party has since established a cohort of stable voters. According to the Australian Election Study (2019), for example, nine percent of the voting population in 2019 aligned themselves as having Greens partisanship, a rise from only one percent in 1996. This has led some (*e.g.* Grattan Institute 2018) to argue the Greens now display more traits of a ‘major party’ than a ‘minor party’. While in the early stages the Greens’ success was based primarily on a protest vote, their recent stabilisation can also be seen to be due to a re-alignment on the left side of politics (Farrell 2020).

Whether one is persuaded by the protest vote or re-alignment arguments, the rise of the Greens is relevant to anti-politics as it demonstrates volatility in the traditional two party system. The Greens have eroded the social base of the ALP, disrupting their ability to forge ongoing stable

governance and undermining the labourism at the heart of Australian political life for over a century.

Figure 8: Australian Greens primary vote (% of all votes), House of Representatives, 1996-2019



Source: Australian Electoral Commission.

We can therefore see a clear declining vote for both major parties over time, combined and separate. There is disruption on both the left and right – with minor parties such as Pauline Hanson’s One Nation, alongside conservative independents, disrupting the right side of politics, while the Greens remain the main dislocating force on the left. There is an evidently growing volatility in the Australian electoral system, with voters being more inclined to vote for minor parties. However, unlike in Europe, this volatility is having less impact on the stability of the two-party system due to the preferential system – which has reinforced the two-party system. This does not mean, however, that Australia’s major parties have remained

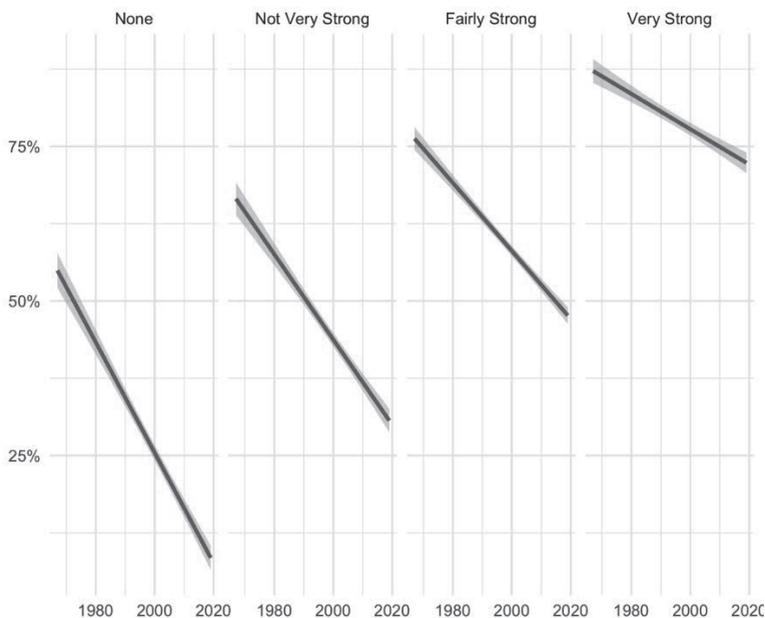
stable. Unable ‘to rely on a serious social base and facing an electorate that has stopped seeing the political system as representative of its interests’, increased volatility has seen ruptures within the internal operations of both parties, epitomised by the revolving door of Prime Ministers from 2010 to 2018 (Tietze 2015). The political crisis arises because political classes no longer have authority from civil society to carry out reform. As Tietze argues, for most of the twentieth century political structures in Australia were buttressed by major parties with relatively stable social bases who had well-defined ideological differences. The present decomposition means parties are less tied to those they purport to represent and will ‘often pander to the ideological obsessions of their most fervent supporters, leading them to be even less relevant to mainstream voters’ (Tietze 2015). This has led to factional battles over party leadership positions on both sides of the aisle that bear little connection to what is happening in the electorate.

The unreliable voter

Australians have become less consistent with their long-term voting practices. Voters support parties that they have predispositions towards or with whom they share an affinity. Identification with a party, for the most part, is the best predictor of long-term support, with the stronger the support the more reliable the voter. Figure 9 reveals that the relationship between partisan strength and consistent voting has weakened since the late 1960s. A weak-partisan would always support one party over 65 percent of the time in 1967; though this figure dropped to 30 percent by 2019. The 35 percent decline in reliability for weak-partisans is only somewhat larger than the 25 percent and 15 percent declines for mid-strength and strong-partisans. If partisanship is the glue of the party system, not only are there now less partisans, but their effectiveness in stabilising the party system has weakened.

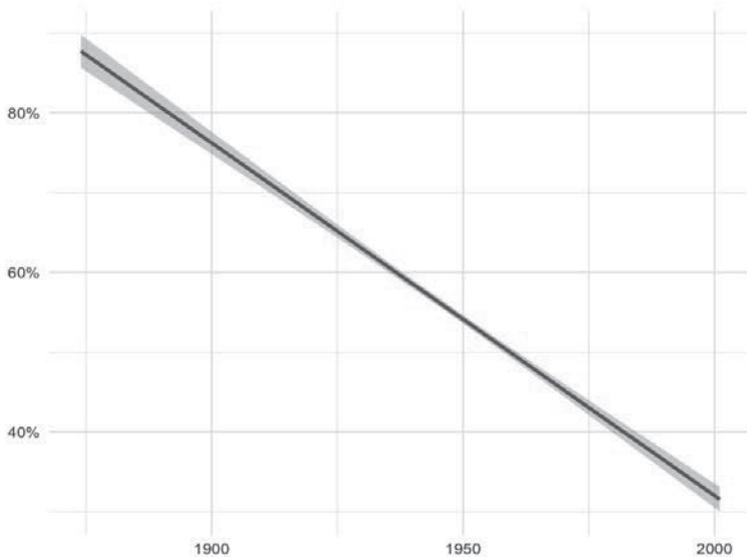
The decline in consistent voting is largely a product of reduced transmission of partisanship through parental socialisation. In other words, children are less likely to vote for the same party as their parents than was the case historically. This is the case both in Australia (McAllister 2011: 49) and internationally (Aldrich *et al.* 2020).

Figure 9: Consistent voting (% of all voter) by partisan identity strength, 1967-2019



Source: Australian National Political Attitudes Surveys (1967-79); Australian Electoral Study (1987-2019).

Figure 10 pools five decades of survey data, which shows a predacious decline in consistent voting between each generation. This reflects the greater electoral options available to voters and perhaps greater political sophistication. There are clear implications for the stability of the party system, with younger voters increasingly more unreliable for major parties.

Figure 10: Consistent voting (% of all voter) by birth year, 1967-2019

Source: Australian National Political Attitudes Surveys (1967-79); Australian Electoral Study (1987-2019).

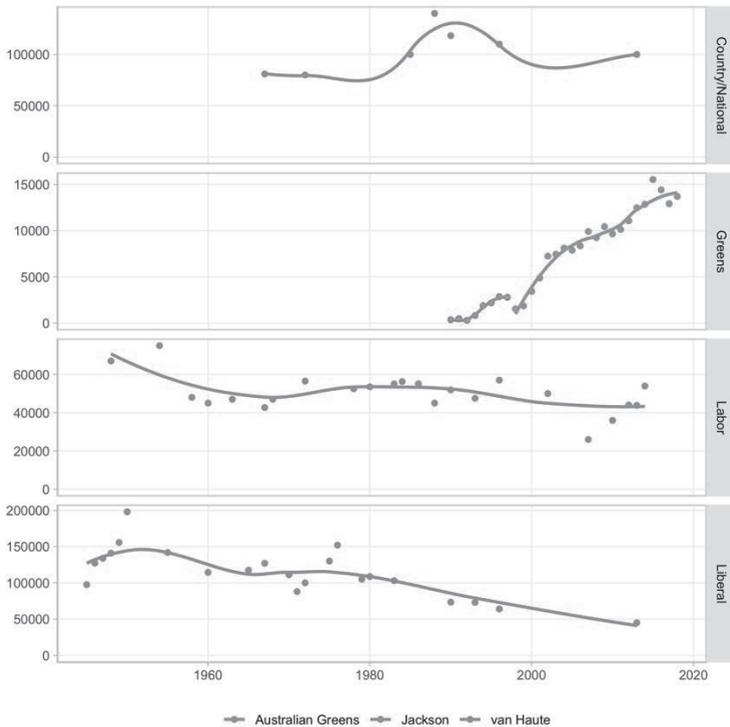
Party membership

Declining membership of traditional political parties

With no state-mandated requirement to disclose membership numbers, and most parties keen to keep this information private, data is erratic and limited – often only becoming available when ‘leaked’ by senior party activists. However, information in the MAAP project dataset shows that the two major parties have seen a significant decline in membership since they were founded. The data we present below is the absolute membership numbers, not as a proportion of the total population. Considering Australia’s growing population, the decline in membership is even more dramatic than it first appears.

Although the ALP was formed in 1901, there is only sporadic data available (see Figure 11). In 1954, the ALP had 75,000 members, after which membership declined over time. Membership was 67,000 in 1948 (where the figures we use start) and has largely remained in the higher 40,000s to lower 50,000s until now. Membership declined more sharply from 50,000 in 2002 to 26,000 in 2007, after which it recovered to just shy of 54,000 in 2014.

Figure 11: Membership of ALP, Liberal Party, Country-National Party and Australian Greens, 1940-2019



Source: (Australian Greens 2019; Van Haute *et al.* 2015; Jackson 2011).

The Liberal Party, formed in 1945, built its membership from an initial base of almost 100,000 to a high of 198,000 in 1950. Since then, and particularly after 1983, membership has declined to now sit at an historic low of 45,000 in 2013. The Liberal's coalition partner, the National Party (and its predecessor the Country Party), has maintained a large membership of 80,000 or more between 1967 and 2013. Membership was at its highest in this period in 1988 when it reached 140,000, but declined to 100,000 in 2013. However, in combining the membership of the Liberal, Country and National Parties over time, there remains a significant overall decline.

Cutting against this trend has been the establishment of the Australian Greens, whose membership has grown slowly since its early national electoral successes to sit at just above 13,696 in 2018/19 – after a high point of 15,523 in 2015/16. This growth in party membership must be seen in context, however, relative to the far-larger memberships of the legacy parties in the ALP, Liberals and Nationals/Country Party. Numerous parties on the Right have formed since the 1990s, but they have mostly been both relatively transient and not of significant size. The One Nation party had a fast-growing membership in the fourteen months after it was set up, although this later declined when Pauline Hanson left parliament. The party claimed to have over 25,000 members at its peak (Watson 2000: 91). Thus, while there has not been a stable minor party on the right, there are clear signs of political instability and fracturing.

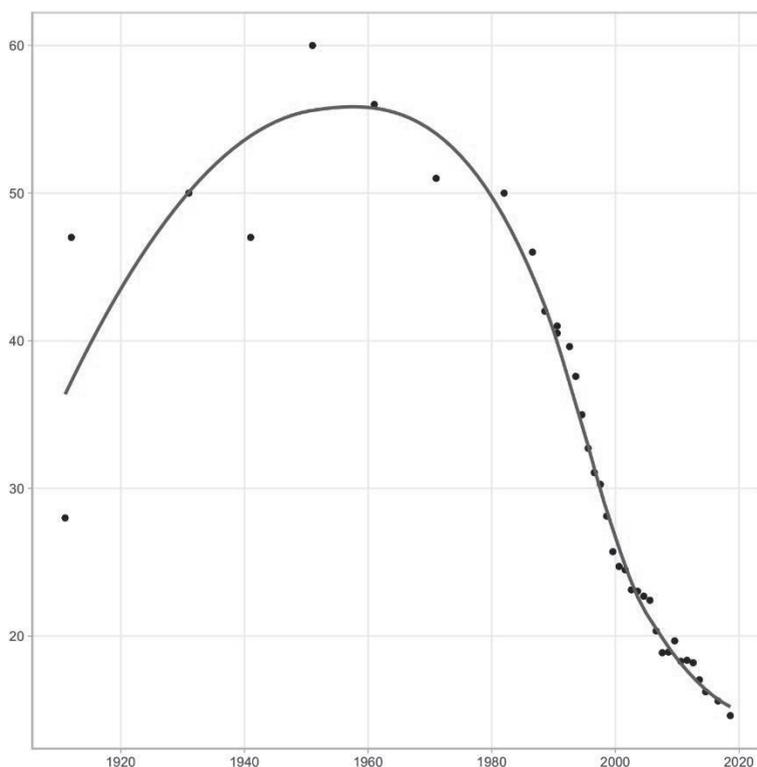
As Figure 11 indicates, the decline in membership of the ALP and Liberal Parties predates the neoliberal era in Australia, and even the very early period of neoliberal policy making internationally in the mid-late 1970s. This is particularly pronounced in relation to the ALP, with its significant decline in membership occurring prior to 1970.

Declining union membership

Although Mair mentions the decline of unions and other civil society organisations, a focus on organised labour is important in locations where mass politics has been deeply shaped by labourism and where trade unions have rights and responsibilities (including voting rights) inside the electoral arm of the labour movement. The formation and growth of trade unions was an important facet in the integration of 'the masses' into political society and construction of political hegemony (Humphrys 2019).

Mass politics was organised through mass parties and, in turn, mass parties gained stability through socio-political institutions such as trade unions, churches and social clubs (Inglehart and Norris 2016: 11; Mair 2013: 78). The decline of civil society organisations, most particularly trade unions in Australia, has undermined the social weight of the section of the political class that was connected to those formations.

Figure 12: Trade union membership density, 1911-2018



Source: 1985-2010: Humphrys (2019); 1986-1993: ABS, *Trade Union Members*, cat. no. 6325.0; 1994-2013: ABS, *Employee Earnings Benefits and Trade Union Membership*, cat. no. 6310.0; 2014-2018: ABS, *Characteristics of Employment*, cat. no. 6333.0.

In Australia, union density steadily grew from Federation and reached 47 percent in 1921. Density did not drop back below this figure until the late 1980s. For much of the period, from 1921 to 1990, 50 percent of Australian workers were members of trade unions (Figure 12). From the mid 1980s, trade union density has continued to fall. Various changes contributed to the decline in union membership – particularly global and national economic structural adjustment, deindustrialisation, the end of ‘closed shops’, macroeconomic factors such as protracted higher unemployment, and the introduction of the ALP -ACTU Accord social contract (Humphrys 2018b; Svensen and Griffin, 1996). The decline in union membership also occurred in a context of a mobilisation against organised labour by key elements of political society and the business sector, which included changes to legislation and civil action against workers’ organisations (Humphrys 2018b).

In the context of anti-politics, the dramatic decline in union membership, alongside very low levels of industrial struggle, has undermined a key location of political activity and involvement in Australian society. More specifically, trade unions were once an important formation that facilitated the involvement of the working class in the functioning of politics. Whether trade union decline is a contributing cause of political detachment, a symptom of it, or both as part of a complex feedback process, is a question that requires further research. What is clear, however, is that the social base of the ALP in the trade unions has declined and been eroded – not only are there fewer union members, but the leadership of the unions and the ALP is far less connected to the membership of either than previously.

Conclusion

Anti-politics – both a generalised mood of political detachment and hostility, and the capturing of that mood by political candidates and movements – is a key political issue in many advanced capitalist countries. Underpinning anti-politics is a process whereby citizens are spurning previously established forms of participation in the electoral process and traditional political parties. These processes shape the ability of the political class to undertake political economic reform to meet urgent national and global challenges.

We have found that there is evidence for a decline in democratic engagement in Australia on the indicators set out by Mair, although the form it takes is particular to the context. A clear breakdown in the social basis of support for the two-party system that has dominated since Federation is occurring, with patterns of partisanship appreciably disrupted in the last three to four decades. It is also possible to determine increasing voter volatility, with voters more willing to vote for minor parties (although volatility has a different effect on Australian politics due to the nature of preferential voting). Partisanship levels in Australia are also seeing a steady decline, with voters both less inclined to identify with political parties, and identifying with them less strongly when they do. Membership of the ALP and Liberal Parties has been in significant decline since the mid-1950s, and there has been a dramatic decline in trade union density over the last forty years.

Our analysis has revealed that processes of electoral and political party disengagement predate the neoliberal era, although on some indicators accelerated during that period. The decline in voter turnout and increase in informal voting both predate the neoliberal era. The fall in turnout has accelerated in the neoliberal period, but the rise in informal voting was similar prior to and during that era. The weakening of political partisanship and increase in voter volatility changes have both accelerated in the neoliberal period. In the case of party membership, the decline of the ALP and Liberal Parties well precedes the neoliberal era. The decline in union density pre-dates the neoliberal era, but an acceleration of the decline coincides with it.

We conclude that there is clear evidence to support the claim that a process of popular withdrawal and disengagement from conventional politics is occurring in Australia, similar to that occurring in the long-term democracies in Europe. As with Mair's findings, the small shifts detailed on individual criteria take on a different meaning when considered alongside longer-term trends and multiple criteria. Moreover, and similar to the analysis set out in *Ruling the Void*, although the pattern in Australia is not wholly unidirectional, the overall direction and reach of the phenomenon is unmistakable. This is of crucial importance in assessing smaller movements on some of the measures above, which would take on less significance if they were isolated occurrences.

How popular withdrawal and disengagement from traditional politics is related to anti-politics will hopefully be the subject of further research in

Australia. The import of this for political economy is understanding that policy reform of the scope and nature required to address significant national and global challenges – including the existential threat of climate change – cannot be implemented by a fractured political class. Moreover, whether the structures of representative politics common to the highly industrialised countries can (or even should) be repaired, or whether new forms of democratic decision-making and participation will emerge, must be at the heart of these discussions.

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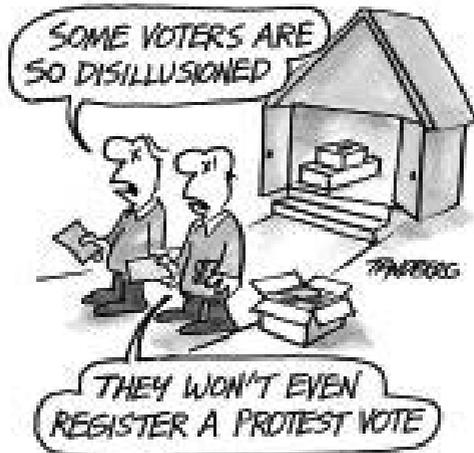
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NEO-LIBERALISM AND WELFARE CONDITIONALITY IN AUSTRALIA: A CRITICAL ANALYSIS OF THE AIMS AND OUTCOMES OF COMPULSORY INCOME MANAGEMENT PROGRAMS

Philip Mendes

The welfare state is generally defined as state-protected minimum standards of income, health, housing, education and personal social services based on a notion of rights and entitlements, rather than charity (Mendes 2019). In practice, however, welfare states are highly contested and can perform both social care (humanitarian) and social control (oppressive) functions. The social care ideal constructs the welfare state as enhancing the social citizenship rights (that is, the social and economic resources, opportunities and powers) of vulnerable citizens who are unable, due to various barriers, to earn a viable income within the market. In short, the ideal welfare system provides a collective safety-net aimed at reducing entrenched disadvantage, and advancing social mobility and the common good (Ledwith 2020).

Increasingly, however, welfare programs seem to prioritise a compliance approach based on controlling and disciplining vulnerable individuals and groups. The latter are often categorised via derogatory terms such as the ‘undeserving poor’ or the ‘underclass’ as an implicit warning to the mainstream to remain economically self-reliant (Schram 2018). This adoption of neoliberal philosophy, based on a preference for the primacy of the free market and limited government intervention, is particularly reflected in manifestations of what is called ‘welfare conditionality’. This

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term broadly refers to the tying of eligibility for income support payments to proscribed forms of behavioural change, and the associated application of either incentives or negative consequences, depending on whether or not compliance requirements are met (Carney 2015, 2019; Dwyer 2018; Parsell *et al.* 2020; Reeve 2017; Taylor, Gray and Stanton 2016; Watts and Fitzpatrick 2018).

Welfare conditionality seeks to replace older assumptions about the collective obligation of the state and community to defend the rights of the poor and disadvantaged with narrow notions of individualism and self-reliance. Within this paradigm, income support payments are constructed solely as a means of social control, primarily designed to integrate welfare recipients within the frameworks and values of the free market.

To be sure, neoliberalism is not the only philosophy that influences welfare conditionality. Long-standing colonial practice and associated racism is also reflected in the over-representation of Indigenous Australians within the compulsory income management program, as discussed below. That alignment of colonialist assumptions, which disparage Indigenous people, with a paternalistic form of neoliberalism has been discussed in depth elsewhere (Bielefeld 2014; 2016; 2018), and is necessarily beyond the boundaries of this article.

Welfare conditionality assumes that social problems, such as poverty and disadvantage, can be attributed to irresponsible individual choices and actions (*ie.* personal pathology). This ignores the significance of broader structural inequities – such as the limited availability of jobs or affordable housing in specific localities, and the general disadvantage of Indigenous communities – that lie beyond individual control (Bielefeld 2016; Shildrick 2018; Stevens 2020). For example, those individuals and families that rely on income support payments are framed as wilfully engaging in forms of anti-social behaviour such as abuse of drugs or alcohol, obsessive gambling, and/or promiscuous or immoral activities that undermine their capacity to seek and attain paid work (Peterie *et al.* 2020). They are labelled ‘welfare dependent’, which suggests that their receipt of welfare payments is the equivalent of a medical illness or addiction requiring corrective treatment (Schram 2018).

Additionally, the structures of the welfare system per se are blamed for supposedly encouraging dependence on government supports rather than motivating self-reliance. The proposed policy solution recommended by the ‘new paternalism’ framework, as devised by Lawrence Mead (1997),

is to require recipients to fulfil certain obligations, such as actively seeking paid work to demonstrate they are deserving of assistance (Taylor *et al.* 2016).

Internationally, welfare conditionality has taken a number of forms. For example, Conditional Cash Transfer (CCT) programs have been utilised in Latin America and other areas, where low income groups are offered financial incentives to improve school attendance and food nutrition, and also lift participation in primary healthcare programs (Taylor *et al.* 2016). In the United Kingdom, it has mostly involved financial sanctions when benefit recipients do not comply with requirements to seek paid work, or desist from allegedly dysfunctional behaviour (Dwyer 2018; Reeve 2018). Western European countries, such as Germany, have applied tough sanctions, such as payment reductions and suspensions to unemployed people (Watts and Fitzpatrick 2018). Similarly, New Zealand has introduced a program of compulsory income management that applies only to youth payment recipients, including young parents (Humpage *et al.* 2020).

An earlier report by the University of New South Wales Social Policy Research Centre suggested both strengths and limitations of conditional welfare programs. They identified some evidence of improved health, education and employment outcomes, whilst noting that many programs were relatively new, and the longer-term impact was still to be measured. In addition, the cost-effectiveness of many programs remained uncertain, and it appeared conditional welfare needed to be accompanied by substantial investment in public education and health facilities to work (SPRC 2010).

A detailed overview of seven evaluations of USA programs linking cash transfers to improved school attendance and enrolment also suggested a complex link between conditional programs and broader social supports. Researchers concluded that these programs only worked when utilised in combination with case management, support services and financial incentives. Program reviews suggested that non-compliance did not reflect a lack of motivation by parents, but rather limited personal skills and related social disadvantage (Campbell and Wright 2005). An overview of programs in three Latin American countries suggested effectiveness in raising school enrolment rates, enhancing preventive health care and increasing expenditure on food. Conversely, it emphasised the need to

compare the impact of these programs with alternative measures to identify the most successful policy (Rawlings and Rubio 2005).

Critics of welfare conditionality argue that it is not effective in promoting sustainable participation in paid work; may have a disproportionate impact on particular groups such as young people, ethnic minorities and those with poor mental health; and can directly cause adverse outcomes, such as increased poverty, crime, homelessness, and ill-health (Dwyer 2018; Reeve 2017; Slater 2012; Watts and Fitzpatrick 2018).

Historically, Australian income support policies have contained a range of rights and conditions. One example of the latter was the early requirement that applicants for the Age Pension demonstrate that they were of 'good character', and the associated exclusion of groups such as Asians and Indigenous Australians on the grounds of race (Taylor *et al.* 2016). Another example was the introduction of derogatory terms for the unemployed – such as 'dole bludgers' – into Australian political discourse in the mid-1970s as part of a campaign to tighten eligibility requirements for unemployment payments. That targeting of the unemployed as a group allegedly not deserving of government assistance, influenced by the international revival of classical liberal ideas, was also a feature of the Fraser government years from 1975-83 (Mendes 2019).

According to Taylor and colleagues (2016), the last two decades have been characterised by an intensification of welfare conditionality. Prominent manifestations have included the Work-for-the-Dole program aimed at reinstating the work ethic of unemployed youth, maternity immunisation and school attendance measures, and the recent proposal (not yet passed by Parliament) for drug testing 5,000 new applicants for unemployment payments (Newstart Allowance and Youth Allowance) across three locations in New South Wales (Community Affairs Legislation Committee 2019). These policies require participants to demonstrate responsible behaviour to remain eligible for a payment or service (Parsell *et al.* 2020).

But compulsory income management (CIM) arguably entails far harsher paternalism in that it involves the control or quarantining of somewhere between 50 to 80 percent of a person's payment by the Commonwealth Government Department of Social Services. It was originally introduced in 2007 as part of the Northern Territory Emergency Response (NTER) targeting remote Indigenous communities, but has since been expanded by both Labor and Liberal-National Party Coalition governments to a wider range of groups and locations.

For example, the Labor government from December 2007-September 2013 continued and expanded the existing IM program in the Northern Territory via the *Social Security and other Legislation Amendment (Welfare Reform and Reinstatement of Racial Discrimination Act) Bill 2009*, which applied to five targeted groups of income support recipients. Labor explicitly described these measures as ‘a first step in a national rollout of income management in disadvantaged regions across Australia’ (Carr 2010: 3840). The succeeding Coalition government established the more invasive Cashless Debit Card in 2015, based on recommendations from mining magnate Andrew Forrest’s (2014) government-commissioned Indigenous Jobs and Training Review.

To date, approximately 37,000 Australians participate in CIM programs. There are about 12,000 on the Cashless Debit Card (CDC), which controls 80 percent of participant income, in four locations – the Ceduna region in South Australia, the East Kimberley and Goldsfield regions in Western Australia, and the Bundaberg and Hervey Bay (Hinkler) region in Queensland. There are also nearly 28,000 on the BasicsCard, which controls 50 percent of participant income, of whom over 25,000 reside in the Northern Territory. A significant majority of BasicsCard participants are Indigenous Australians, who also comprise at least one third of CDC recipients (Department of Social Services 2020a; 2020b). At the time of writing, the government is seeking approval for legislation (*Social Security Administration Amendment Income Management to Cashless Debit Card Transition Bill 2019*) which would shift the more than 25,000 – mostly Indigenous IM participants in the Northern Territory – onto the tougher CDC program.

The dual aims of CIM programs

Statements by successive Commonwealth governments suggest that the CIM programs aim to achieve a range of crisis prevention and beneficial outcomes. The prevention or social control objectives include reducing or ameliorating types of dysfunctional behaviour that may cause individual and social harm, such as drug and alcohol abuse, addictive gambling, crime and family violence. According to the government, these harms are directly ‘fuelled’ by welfare payments (DSS 2016; Fletcher 2019a: 13178; 2019d: 7; Ruston 2019), although no explanation is provided as to how

income support directly causes forms of anti-social behaviour that may have long predated engagement with the welfare system.

As noted by Schram (2018: 313), the aim of such controls seems to be to reduce the social and financial 'burden on the rest of society'. The focus of the welfare state shifts from empowering vulnerable groups to managing their behaviour to reduce alleged risk to others. Conversely, the beneficial or social care objectives of CIM include enhancing financial management skills, parenting capacity and general physical and mental health; promoting participation in training and employment; and facilitating greater self-reliance (AIHW 2010; McClure 2015).

The government has asserted that the Cashless Debit Card will 'help people receiving an income support payment live better lives' (Fletcher 2019d: 1, 9). They argue the CDC will 'encourage socially responsible behaviour' (Fletcher 2019b: 4) by 'supporting Australians on welfare to have more control of their lives' (Fletcher 2019c). However, it is unclear how a financial measure in isolation will fix what may be long-term addictions to alcohol or gambling.

On financial management, the government have asserted that IM is a 'financial literacy tool' (Ruston 2019) that will assist people who struggle with finances and/or have alcohol or mental health concerns to improve their budgeting. The assumption seems to be that allocating a significant proportion of their income to the payment of essential bills such as food, housing, clothes and utilities will, in itself, advance their financial stability (Australian Government 2012a; 2012b). Yet, it is unclear how CIM will assist the finances of those who know how to budget effectively, but find it difficult to manage on low incomes such as the Newstart Allowance/JobSeeker Payment and Youth Allowance.

On parenting capacity, the government has claimed that IM will reduce child abuse and neglect by promoting financial stability and ensuring children's key needs are met (Australian Government 2012a; Deloitte Access Economics 2013; Tudge and Pitt 2017; Tehan 2018b; Fletcher 2019d). However, it is unclear how CIM will enhance the parenting skills of those whose inadequate parenting is related to personal characteristics, such as substance addiction or mental illness, rather than limited income.

On employment, the government has consistently argued that IM will progress opportunities for participating in job training and accessing employment, and reduce the level of 'welfare dependency' (Tudge and Pitt 2017; Falinski 2019: 60; Robert 2019a; Robert 2019b: 26). The

assumption seems to be that improved budgeting, including securing life essentials, will in itself advance employment outcomes (Australian Government 2012a; Deloitte Access Economics 2013; Tehan 2018a; 2018b; Fletcher 2019b; Robert 2019a); or, alternatively, that the hassle of being placed on the Card will pressure the unemployed – particularly those who are younger – to accept whatever jobs are available (Tudge and Pitt 2017). However, no reference is made to the prior employment skills and history of CIM participants or potential barriers to work engagement, such as mental health concerns, and little detail is provided on the availability of jobs suitable or otherwise in the specific CIM sites.

This article uses a series of official government evaluations of CIM programs to assess whether or not core CIM aims have been achieved. My focus is on the beneficial rather than social control objectives for two reasons. Firstly, the almost universal blanket application of CIM to specific groups in chosen sites means that there has been no individual assessment of CIM participants prior to the introduction of the CIM program.

Consequently, there is no firm evidence available from clinical examinations by an addiction specialist on the forms of behaviour preceding CIM. Nor is there any data available about the broader lives and experiences of participants prior to the commencement of CIM programs. For example, little is known regarding their educational outcomes, their level of family and broader social supports, and whether or not they have a history of trauma and/or grew up in out-of-home care. This makes it challenging, if not impossible, for evaluators to verify whether behaviour change has occurred as a result of the CIM program.

Ironically, the government's planned drug testing trial takes precisely the opposite targeted approach. That trial will place recipients of Newstart Allowance/JobSeeker Payment and Youth Allowance in three specific sites who test positive to certain illicit drugs (heroin and cocaine) on income management via the BasicsCard for two years (CALC 2019). The broader question of whether or not those trials will assist trial participants to overcome substance abuse concerns or other barriers to their participation in the workforce necessarily lies beyond the boundaries of this paper.

Secondly, the coercive powers (Parsell *et al.* 2020; Watts and Fitzpatrick 2018) involved in CIM programs – whereby the government department is given powers equivalent to those of a Guardianship Board in cases where people with a diagnosed disability lack the capacity to manage their

personal or financial affairs – can, in my opinion, only be justified if evidence is available of a positive improvement in a vulnerable individual's life situation. That principle is arguably doubly reinforced by the fact that CIM programs are primarily targeted at Indigenous groups and communities who have already suffered for many years from coercive and racist state interventions in areas such as child welfare (Bielefeld 2016; 2018; Bryson and Verity 2009; Pocock 2011).

Findings

In this section, I critically examine the official evaluation report findings in relation to key indicators of improved well-being, such as parenting capacity, financial management, employment and training outcomes, physical and mental health, and self-reliance or reduced dependence on income support payments. In doing so, I note that there is a more discrete debate about the methodological robustness of the respective evaluation reports (*e.g.* Bray 2016; Hunt 2017a; Mendes *et al.* 2014) which is only explored in-passing in this study. I also draw attention to social harms that may have been directly created by CIM programs, such as manifestations of social stigma and shame, and reduced financial autonomy.

Findings regarding the care of children have been mixed. Interviews undertaken with a relatively small sample of CIM participants (76 out of a total of 15,125 and derived from only four out of 73 affected communities) in the NTER suggested that there were improvements in the amount of food that children were eating, and also that children seemed to be healthier, had better weight levels, more accessible clothing, and were attending school more frequently. However, the same respondents indicated no change or negative changes in children's happiness, activity levels or worry levels (AIHW 2010). Also, the methodology used was arguably contentious given that participants may have felt it was in their best interests to report improvements in their children's welfare.

Greater validity can, perhaps, be granted to the findings from the larger sample of 167 persons, including community leaders, peak welfare bodies and social service agencies that participated in NTER stakeholder focus groups. They reported gains in the physical health of children due to better nutrition, emotional health and community health, and enhanced education performance. However, the AIHW acknowledged that reliability would have been strengthened if empirical evidence had been available to

confirm the reported changes, such as child health assessments concerning the proportion of babies with low birth weight (AIHW 2010). More generally, the AIHW acknowledged that the research methods used in the NTER evaluation sat low on the accepted hierarchy of evidence, especially given the absence of a control group; the lack of pre-intervention baseline data that would illuminate statistical differences prior to, during and following the introduction of CIM; and the heavy reliance on the perceptions and views of participants and stakeholders which could be subject to recall bias. Consequently, it was difficult to determine what changes had occurred in the NT, and/or whether they had occurred as a direct result of CIM or due to other policy and program interventions (AIHW 2010; Bray 2016; Mendes *et al.* 2014).

A further evaluation, using mixed qualitative and quantitative methods, specifically targeted income support recipients who had participated in a child protection measure IM trial (CPSIM) in Western Australia, and a group of voluntary (VIM) participants. Other stakeholders consulted included child protection caseworkers and team leaders, financial counsellors, money management advisers, Centrelink staff and community sector organisations. That study reported positive gains in parenting capacity and the well-being of children. Stakeholders suggested children were eating more food, living in improved housing, and had more and better quality clothing. Participants from both groups also stated they were able to access more food and clothing (ORIMA Research 2010). However, the latter findings may be problematic given that the CPSIM clients, in particular, may have been concerned to demonstrate to child protection authorities that they were addressing concerns about child neglect or abuse – either to retain custody of their children or, alternatively, to progress reunification with children who were currently in out-of-home care. Additionally, there was no empirical evidence presented which verified changes from pre-CIM to post-CIM. Rather, the report relied on the perceptions of program participants (WACOSS 2011).

A further evaluation of the child protection trial in WA included consultations with 32 child protection clients who were CIM participants, 111 child protection staff and a number of other government and NGO stakeholders, plus an analysis of 92 case files of current and former CPSIM participants (DSS 2014). That study reported improved child welfare outcomes, as evidenced by the provision of food and clothing and school attendance – although these changes seemed to be mainly based on self-reporting by CIM participants plus general feedback from child protection

staff rather than measurable evidence of changes (Bray 2016). There was also specific reference from case file analysis to gains for intergenerational child protection clients in terms of enhanced financial stability and access to support programs. However, the evaluators acknowledged that the absence of a control group of child protection families from another site where CIM was not offered made it difficult to ascertain whether CIM itself was responsible for these changes (DSS 2014).

A 2011 evaluation of the NTER, based on mixed method consultations with 1300 participants and over a hundred service providers in the NT, suggested CIM had contributed to healthier outcomes for children due to more money being spent on food. However, the report acknowledged that a number of other program and policy initiatives had impacted on child health (FaHCSIA 2011). A 2014 evaluation of CIM in the NT, based on mixed methods and multiple sources of information (which according to Bielefeld [2018] is the most robust evaluation report to date), found no evidence of changed spending patterns or positive impact on the wellbeing of children (Bray *et al.* 2014). A 2015 evaluation of place-based (PBIM) programs based on diverse sources of data, such as a longitudinal survey of participants, a comparison group and administrative records, included only a small number of participants (25) involved in caring for children. That study found no evidence of direct impact on care and education outcomes for children, although the greater stability in accommodation may have contributed to improved wellbeing for children (Deloitte Access Economics 2015).

A 2017 evaluation of the Cashless Debit Card in the sites of Ceduna and East Kimberley reported that 40 percent of participants with parenting responsibilities (constituting only 198 out of 470 survey respondents) had improved their parenting capacity, and 39 percent of this group indicated greater engagement with their children's homework and school. Yet, 24 percent of this cohort stated that their children's lives were worse, whilst only 17 percent felt their lives had improved (ORIMA Research 2017). All these figures relied solely on self-reporting, which the evaluators acknowledged could be subject to 'social desirability effects', in that the results may be skewed by some participants presenting the outcomes which they think the researchers want to hear (p. 27). The study also reported perceptions from community stakeholders of greater spending on essential goods for children, including school lunches, higher school attendance, and improved capacity of families to pay for school excursions and other school-related charges. However, the report added that there was

little evidence from administrative data of changes in school attendance rates (ORIMA Research 2017).

Additionally, the quality of the research design used in that evaluation has been widely challenged (Bray 2016; Hunt 2017a; 2017b; QCOSS 2017), leading an Auditor General report to conclude that the evaluation findings could not be relied upon to 'conclude whether there had been a reduction in social harm' (Department of Social Services 2018: 8).

A 2019 evaluation of the CDC in the Goldfields Region used the perceptions of interviewees (64 IM participants and 66 community stakeholders) to report improvements in child welfare and well-being, such as increased provision of nutritional food, clothes and toys, better hygiene and general health, and higher levels of school attendance and participation. However, the report acknowledged that these views were not universal, and that some of these improvements could be attributed to program initiatives other than the CDC. The study also noted stakeholder perceptions of lower incidences of child neglect and abuse, but did not present any formal child protection data to back up this assertion (Mavromaras *et al.* 2019). It has been argued elsewhere that this report was based on highly limited qualitative evidence gathered only a few months after the CDC had been introduced (Gray 2019).

Findings regarding financial management skills have also been mixed. The NTER evaluation reported that just over half the 76 participants interviewed had found it easier to pay rent and other bills, one third had purchased large or expensive items such as whitegoods, and nearly 40 percent reported saving money (FaHSCIA 2011). The stakeholder consultations also suggested improved financial management, including more funds available to purchase essential items, and improved savings capacity. But these findings relied on perceptions, rather than quantitative data collected before or after the introduction of CIM, such as the proportion of households meeting rent or utilities payments (AIHW 2010).

The evaluation of the child protection measure in WA found only small numbers of CIM participants attended financial counselling or money management programs, and no evidence of gains in budgeting or financial management skills (ORIMA Research 2010). The later 2014 evaluation of CPSIM reported that most program participants did not use the financial counselling or money management programs offered. Representatives of those services confirmed they had very limited contact with CPSIM participants (DSS 2014).

The 2014 evaluation of CIM in the Northern Territory reported no improvements in financial wellbeing or budgeting skills (Bray *et al.* 2014). The 2015 evaluation of PBIM sites reported improvements in the financial capacity of some voluntary participants, as evidenced by increased spending on food and housing, though this finding mainly relied on their self-reporting which may be subjective. There was no evidence of improvements for the CIM VULN (vulnerable measure) group. The study also noted that only a small percentage of both the voluntary and VULN participants attended money management courses, which suggested that gains in budgeting skills were unlikely to be sustained (Deloitte Access Economics 2015). The 2017 evaluation of the CDC reported that 45 percent of participants stated that they had been able to save more money, but this finding relied solely on self-reporting rather than empirical evidence. However, there was also some detail presented by community leaders, business owners and community stakeholders suggesting improved financial management, including increased purchases of essential items such as food and clothing; greater ability of participants to afford travel; more reliable payment of core bills; and reduced demand for emergency relief assistance (ORIMA Research 2017).

The 2019 CDC evaluation reported perceptions of improvements in financial literacy and money management, as evidenced by enhanced ability to save money and purchase major items such as cars. But the report also noted contrary findings, which suggested that many participants struggled to develop competent budgeting skills (Mavromaras *et al.* 2019).

Findings regarding employment and training outcomes have also been mixed. The 2017 CDC evaluation suggested increased motivation by CIM participants to seek employment. For example, 42 percent indicated they were currently looking for work, but no comparable figures were provided for job search prior to the introduction of the CDC. There was also some feedback from community stakeholders suggesting greater job search activity by participants, including higher demand for casual or part-time work. But no empirical data was provided by employment services providers in the sites. Additionally, the report acknowledged that the limited employment opportunities in the trial sites made it challenging for participants to secure paid work (ORIMA Research 2017).

The 2019 CDC evaluation noted that there were significant job opportunities available in the mining industry. But the report also cautioned that these opportunities were cyclical and limited to particular

areas, meaning that many CIM participants might have to travel outside the region to access work. There were mixed views as to whether or not the CDC would encourage more active participation in the labour market. Additionally, it was argued that Indigenous residents – constituting 47 percent of CDC participants in the Goldfields – experienced specific barriers to employment, such as discrimination, lacking a driver’s licence, and criminal records. There was some mention of new jobs being created within the CDC shopfronts, but no indication of whether any current or former IM participants had been able to secure these positions (Mavromaras *et al.* 2019).

Evidence concerning general well-being, including mental and physical health, was also mixed. The 2017 CDC evaluation reported feedback from community stakeholders of improved nutrition, increased access to and effective utilisation of health assessments and treatment, and better hygiene. But a larger number of participants in both sites reported that the CDC had made their lives worse rather than better (ORIMA Research 2017). The 2019 CDC evaluation reported a negative impact on the mental health of some IM participants due to losing control over their finances, as evidenced by ‘heightened levels of anxiety and depression, emotional distress and social isolation’ (Mavromaras *et al.* 2019: 106).

The findings do not suggest that CIM has enhanced the self-reliance of participants. To the contrary, a number of reports presented evidence that IM was increasing dependence on the welfare system. The 2009 NTER consultations reported that some participants felt that CIM had undermined their self-reliance and, instead, encouraged reliance on the government which was controlling their finances (Australian Government 2009). The 2010 evaluation of the child protection measure in WA reported concerns by stakeholders that IM participants would become ‘dependent on the system’, and struggle to manage their budget without ongoing support from income management programs (ORIMA Research 2010: 12). Similarly, the 2014 evaluation of CPISM in WA noted that all Human Services staff in the Perth Metropolitan region expressed concern about the increasing ‘dependency’ of participants on the budgeting support offered by the IM program (DSS 2014: 54).

The 2014 evaluation of CIM in the NT concluded that many users had become more, rather than less, reliant on welfare supports and services (Bray *et al.* 2014). The 2015 evaluation of PBIM expressed concern that voluntary users would become dependent on support from the income

management system, rather than developing financial self-reliance (Deloitte Access Economics 2015). A similar concern was expressed by the government's reference group on welfare reform, which noted concern from stakeholders that participants became dependent on the financial assistance provided by the CIM program (McClure 2015).

Unintended social harms

Evaluation reports have consistently documented manifestations of social stigma and shame. The 2008 review of the NTER reported that some Aboriginal residents in the large regional centres of the Northern Territory, particularly Darwin and Alice Springs, had experienced embarrassment and humiliation as a result of using the BasicsCard (Yu *et al.* 2008). The 2009 NTER consultations revealed similar concerns involving shame or embarrassment, particularly when the Card failed to work or there were insufficient funds at the time of purchasing goods (Australian Government 2009). The 2014 evaluation of the child protection measure in WA cited stakeholder concerns about experiences of stigma and shame for some CIM participants (DSS 2014)

A 2014 evaluation of CIM in the Northern Territory reported that 'a substantial' number of users found CIM to be 'unfair, embarrassing and discriminatory' (Bray *et al.* 2014: xxi). The evaluation of PBIM found that more than half the VULN users (52.8 percent) felt judged when using the BasicsCard, but only 28.4 percent of VIM users felt judged. Additionally, 43.7 percent of VULN users said they felt embarrassed when using the Card, but only 18 percent of VIM users experienced similar feelings (Deloitte Access Economics 2015). The 2017 CDC evaluation reported feedback from some participant interviews and 4 percent of respondents to the quantitative survey that they experienced feelings of shame and stigma, and a sense of 'being 'penalised and/or discriminated against by being forced to participate' (ORIMA Research 2017: 7).

The 2019 CDC evaluation reported widespread concern about participants experiencing 'stigma, shame and embarrassment [...] when using the card' (Mavromaras *et al.* 2019: 74-5). Some Indigenous participants described the program as 'unfairly targeting and stereotyping Indigenous people', and equated the CDC with historical policies of racism and control (p. 8).

Another form of social harm has been the restrictions on financial autonomy and associated practical difficulties for CIM participants. The

2009 NTER consultations reported that BasicsCard holders complained that they did not have sufficient cash available to take their children to the Darwin show or the cinema, or to give money to their children who were attending Boarding Schools, or have their cars repaired. Another problem was that the card could not be used interstate when they travelled to visit family or seek employment (Australian Government 2009). Participants attacked CIM as ‘discriminatory and paternalistic’ (p. 28). A government evaluation of the NTER similarly noted that ‘many people viewed income management as discriminatory and unfair’ (AIHW 2010: vii).

A 2011 evaluation of the experiences of residents in Northern Territory communities reported concerns about failed transactions (due to difficulties establishing the balance on the BasicsCard), and restrictions on residents’ freedom to travel to meet ‘cultural and family obligations’ (FaHCSIA 2011: 333) due to the limited application of the Card outside the Territory. That report also noted that CIM was viewed as ‘discriminatory’ (p. 32), and had provoked widespread ‘disillusionment, resentment and anger’ (p. 353) due to ‘people feeling a loss of freedom, empowerment and community control’ (p. 363).

The 2014 evaluation in the NT stated that 45.5 percent of non-Indigenous users felt that CIM had made their lives worse, compared to only 25.4 percent who said it had improved their lives. Concerns were raised about restrictions on shopping and travel. Many respondents expressed a desire to exit the program on the basis that they wished ‘to control their own money, wanting rights back and being able to express freedom of choice’ (Bray *et al.* 2014: 175). The study reported ‘widespread feelings of unfairness and disempowerment’, and suggested that CIM acted mainly ‘as a means of control’ rather than as a framework for changing behaviour or attitudes (p. 7).

The 2014 evaluation of CPSIM in Western Australia referred to the negative impact of restrictions on the use of the BasicsCard for accessing shopping outlets, transport, and entertainment venues such as the zoo and cinemas (DSS 2014). The 2015 evaluation of PBIM noted that those placed on the VULN measure, primarily due to concerns about financial deprivation or housing instability, felt that CIM had limited their freedom to organise more informal house sharing arrangements. They reported increased stress levels and ‘a sense of personal injustice’ at having been forced onto the program (Deloitte Access Economics 2015: 47). The 2017 CDC evaluation noted that 6 percent of respondents in the quantitative

survey expressed general concerns about a loss of freedom and rights. Additionally, 33 percent referred to specific problems, such as not being able to send money to children attending boarding schools, not having sufficient cash to spend at entertainment venues such as swimming pools and fairs, not being able to purchase second hand goods, and not having the capacity to combine funds to make larger purchases such as cars (ORIMA Research 2017). The 2019 CDC evaluation also cited concerns about lacking sufficient cash to purchase second-hand goods, or pay for childrens' school excursions and lunches (Mavromaras *et al.* 2019).

Conclusion

Consecutive Commonwealth governments from 2007-20 have claimed, on the basis of official evaluation reports, that CIM is reducing dysfunctional behaviour that causes social harm, and also advancing beneficial outcomes for participants. For example, the evaluation of the IM child protection measure in Western Australia by ORIMA Research was commended by the Labor government as indicating significant improvements in family functioning. Reference was made to increased spending on rent, food, clothing and other essentials for children (Macklin 2010). Later, the then-Coalition Minister for Families and Social Services, Paul Fletcher, cited the 2017 evaluation of the CDC in Ceduna and East Kimberley as demonstrating that CIM had produced 'a doubling of the proportion of participants trying to get paid work' (2019a: 13176), and 'an increased motivation to find employment' (2019d: 6).

There is no doubt that governments have selectively cited findings (cherry-picking the positives and ignoring the negatives), irrespective of the varied quality of the evaluations to justify their expansion of CIM programs. A number of authors have critiqued the highly selective and misleading use of the evaluation reports by government spokespersons (Bray 2016; Hunt 2017a; Wild 2011).

My overview of these evaluation reports suggests that there is only limited substantiated evidence of benefits for CIM participants. The results are, at best, mixed. Some participants have made gains in areas such as parenting capacity, financial management, and labour market participation, and some have not. At least some appear to have become more, rather than less, reliant on welfare services and programs. For those who do seem to have derived some benefits, it is often difficult to disaggregate the impact

of CIM vis-à-vis that of other health, education and social service initiatives. There does not seem to be any firm connection between participation in IM programs, and greater inclusion in the economy.

In addition, there is considerable evidence that CIM has reduced the social rights of participants – either by causing them direct stigma and shame, or by limiting their capacity to freely participate in the mainstream economic and social activities of their communities. Many Indigenous CIM participants feel that this program is overtly discriminatory, and a direct continuation of a long history of regressive welfare measures. These social harms are likely to be exacerbated in the future should CIM participants be exposed to power outages (Allam 2020) and/or natural disasters, such as floods and bushfires, where having access to ready cash can be an absolute imperative.

CIM seems to be an exemplar of the application of neoliberalism to the welfare state, whereby the emphasis shifts from helping and empowering those who have been disadvantaged by the free market, to merely controlling them to reduce any economic burden on society. In this case, the coercive measures extend well beyond a small number of individuals targeted via individual assessment to, instead, include much larger groups of people and communities solely on the basis of location or Indigenous status. These cohorts have been subjected to a harshly illiberal program of strict paternalism, even though there is no evidence that they need this intervention, or that it has provided them with verifiable benefits.

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MARKET TERRITORIES: NEOLIBERALISM AND SPATIAL FRAGMENTATION IN THE SOUTH CAUCASUS

Mia Shouha

Over 20 years ago, Marody (1997: 13) stated that: '[t]he societies of the former Soviet bloc were departing from Communism and starting a journey westward.' Instead, '[t]heir goal was a democratic political system with a free market economy'. With the benefit of hindsight, such a statement raises deep questions about how the desires of these 'societies' are known, their territorial existence, and the economic transformations that were administered. In considering such questions, this article focuses on the pursuit of liberalisation in light of geopolitical fragmentation among the states of Armenia, Georgia and Azerbaijan. These states have had varied experiences but, in each case, have been conditioned by externally derived political economic interests and capitalist processes of integration into the global market economy. This has arguably left them open to the destructive effects of stunted long-term economic growth and democratic processes on a local level.

The South Caucasus continues to form one of the most militarised and geopolitically dense regions in the world. This has led to perpetual outbreaks of violence, most recently witnessed in the resumption of war between Azerbaijani and Armenian forces in September 2020. Moreover, in all three states, liberalisation has seen the advancement of either ruling elite interests or external transnational capital interests or both, disconnected from the material needs of the general populace and most vulnerable groups within each respective society. Here, neoliberalisation and democratisation have come into conflict. The latter has the capacity

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to be employed for ideological ends removed from supposed goals of representation, equality, human rights and equal opportunity. Neoliberalisation has undermined democratisation in so far as this process is made to abide by dictates of free-market policy and transnational capital, as opposed to socio-economic betterment. Lack of democratisation can also be deemed preferable in this regard, as the presence of resource wealth in the Caspian Peninsula has seen Western states uphold the authoritarian neoliberal government of Azerbaijan to further economic interests.

In this article, it is argued that there has been a cyclical causal relationship between territorial fragmentation and neoliberalisation in the South Caucasus, which has also perpetuated undemocratic governance domestically and uneven development across the region. This is explored through a historical account of the region, followed by an analysis of the post-Soviet development of Armenia, Azerbaijan and Georgia. Finally, the discussion turns to critically consider possibilities for regional integration and future developmental strategies.

Historical context

The introduction of capitalism into the South Caucasus region has inflamed irredentist claims to territory and created a new impetus for competitive pursuits over resources. This has arguably entrenched fragmentation in the region, with states adopting divergent measures of neoliberalisation, manifesting in uneven development. In order to understand this process, it is valuable to look at the region's past. The Caucasus region has a history of decentralisation dating back hundreds of years (DeWaal 2010: 14). The area previously consisted of a single regional entity, with ethnic Azerbaijanis, Georgians, Armenians and other minorities living amongst each other and sharing customs and places of worship, despite distinct religious affiliations (whether they be variants of Christianity, in the case of Georgians and Armenians, or Islam, in the case of Azerbaijanis) (DeWaal 2010: 14).

This region came under the rulership of empires including the Safavids and Ottomans and, in 1827, by Imperial Russia. By the early-Twentieth Century, the South Caucasus became a theatre for competing empires in decline, as the Russian and Ottoman Empires were battling for control of the region. Amidst the political transition of the Russian state, in March

1918, the Bolshevik regime signed the *Treaty of Brest-Litovsk*, ceding large parts of Eastern Anatolia to Ottoman Turkey (DeWaal 2010: 63). The region subsequently broke into disparate state bodies for the first time, with Georgia declaring its independence first in May 1918, followed by Armenia and Azerbaijan. However, all three states would become part of the Soviet Union roughly three years later. This history forms the backdrop of present-day nationalism and territorial tensions.

Regional boundaries can be fluid and porous. However, there are interlocking flows within territory which produce a 'structured coherence' and mark a geographical area as distinct (Harvey 2003: 102). Structural economic coherence of the South Caucasus has been eroded in recent history, though the imperialist pressures from surrounding powers and their ramifications, as well as post-Soviet neoliberalisation. The break-away movements of Nagorno Karabakh, Abkhazia and South Ossetia are based on the initial border drawing of 1918. However, once the region came under Soviet control, the republics and autonomous zones were imbued into an integrated economy and development was principally based on the equal allotment of resources. Within this system, separate irredentist claims to territory were denounced as overt nationalism and against the dominant Soviet ideology. This changed in the 1980s with the policies of Perestroika and Glasnost, which saw a relaxation of Soviet control and increased transparency in political and economic information released to the public, and a rise in expressions of nationalism which had previously been overtly suppressed.

Post-Soviet borders and conflict

Since 1991, there has been a reorientation from space premised on locality to a need to forge territorial control and state integrity. The fall of the USSR ignited the historical dispute between Armenia and Azerbaijan over the province of Nagorno-Karabakh. In the early 1920s, the two states fought for control of the territory but, despite its Armenian demographic majority, the Bolsheviks headed transferred the region to Azerbaijan in a long-term strategy of appeasement to Turkey (Dragadze 1989: 56). In 1988, Perestroika had given rise to nationalist sentiments. The Armenian majority in Nagorno-Karabakh acted on this and partitioned the Kremlin for the territory to be unified with Armenia, which culminated in direct conflict (Dudwick 1997: 482). In 1991, the

war between Azerbaijan and Armenia began over the disputed territory of Nagorno-Karabakh. While Azerbaijan was in the throes of political infighting, the Armenian side had consensus on the issue of Nagorno-Karabakh and was eager to retrieve this land, which had been allocated to the Azerbaijani state in the early-Twentieth Century partitioning of the South Caucasus by Russian governance.

By 1994, a cease-fire had been reached, though Armenia had control of the territory of Nagorno-Karabakh, also known as Artsakh. Azerbaijan responded by imposing a blockade of Armenia's eastern border, resulting in an economic stronghold with Turkey's own closure of Armenia's western border (Radnitz 2018: 158). These conditions have persisted and shaped the states' outward trajectory in trade, alliances and transnational relations in the post-Soviet transition period. This has also reaffirmed the precariousness of the region as trade relations, developmental policy prescriptions and integration have unfolded in a manner disconnected from the ongoing militarism and looming threats of violence. In April 2016, tensions between Azerbaijan and Armenia led to the largest military clashes since 1994 (Meissner 2018: 232). Again, violence broke out in July and September of 2020 over the disputed territory, as well as the proper Armenian-Azerbaijani border, removed from Nagorno-Karabakh. This emphasises the fact that failures to attenuate glaring realities of territorial disputes and blockade have seen territorial hostility cemented into contemporary processes of economic development and pursuits of growth.

Once again, the institutional and socio-economic outcomes of liberalisation have a strong basis in the spatial configuration of the South Caucasus over time and through the changing nature of market integration. Georgia has constantly experienced tension between liberalism and nationalism, rooted in the freedoms introduced through Perestroika, the breakdown of central control, and ongoing territorial disputes in South Ossetia and Abkhazia. These territories have held autonomous region and autonomous republic status since 1922 and 1931, respectively, due to their popular reluctance to join Menshevik Georgia after the dissolution of Tsarist Russia (DeWaal 2010: 137). In 1990, this challenge was revisited as, while the Georgian government fought for the territorial integrity of the new state, it viewed ethnic minorities' incursions in spheres of cultural or economic sovereignty as challenges to spatial and social homogeneity (Jones 1997: 512). The government under Georgian President Gamsakhurdia failed to incorporate minorities

into the new political system, introducing a Constitution in 1991 which 'devoted only 10 short articles to the autonomous republics and restricted their rights' (Jones 1997: 513). Post-Soviet structural burdens had transformed into pillars of populist authoritarianism under Gamsakhurdia, and wide social divisions across spectrums of class and ethnicity were exploited, fragmenting the country into regions and nationalities (Jones 1997: 523). South Ossetia declared its independence on 21 December, 1991, and Abkhazia on July 23rd, 1992, in moves that were reactive and considered necessary, but further distorted the potential functionality of economic and geographical links which could be utilised in the developmental process.

Through the process of post-Soviet liberalisation, the incursion of private interests has been complemented with pursuits of overt militarism and power accumulation. Discrimination and separatist ambitions of Abkhazia and South Ossetia manifested into all-out war in 1992 and 1993, which saw Georgia defeated largely due to Russian military aid to the secessionist groups, leaving a bitter legacy (Jones 1997: 513). This history arguably represents the militaristic projection of economic imperatives of competition, territorial control and capital. However, in this instance, asymmetries in exchange over space also reinforce spatial fragmentation (Harvey 2003: 32). Georgia has spatial significance as a neighbour of Russia and a corridor to the Caspian Sea, thus Europe and the US have an inherent stake in the economic and geopolitical alignment of the state. Based on these factors, the state has been exploring the path of NATO membership (Wade 2016), which would further entrench the states in disparate spatial landscapes from an economic and geographic lens.

Therefore, the concept of nationhood within these states bears inherent irredentist views of surrounding territories, which are overlooked in questions of economic outlook and development. The violence of this history of state-formation and continued precariousness of state relations in the South Caucasus manifests in battles for territorial control, economic competition and capital gain. Tensions surrounding resources, such as water, oil and land, are ingrained in the border structure and conception of space in the South Caucasus. The adoption of capitalism builds on relatively newly formed state systems and ethno-nationalist divides, which made the region 'vulnerable to the manipulation of external forces seeking to control its evolution' (Hunter 1997: 437). The territorial tensions of the region pushed these three states to look outward

and embark on divergent paths of development, though all rooted in universalisation of the global economy. The conditions for compliance with this framework do little to remedy the historical woes that have forged the current fragmentation of the South Caucasus and have shaped domestic democratic processes alongside development.

To better understand the contemporary significance of these trends, the article now turns to explore recent political economic trends taking place in all three countries.

Political economic developments in Armenia

Neoliberalism and globalisation

Neoliberalism entails a multi-dimensional class project which attempts to universalise the self-regulating market, as opposed to nationally instituted markets (McMichael 2000: 687). The internal contradictions of this framework can arguably work against the achievement of socio-economic development through free-market economic processes, due to the nature of such policy facilitating economic gain for core countries at the expense of aid recipient states on the periphery (Przeworski 1992). Additionally, international financial institutions (IFIs), including the International Monetary Fund (IMF), the World Bank (WB), the World Trade Organisation (WTO) and the European Union (EU), have codified policies of privatisation, liberalisation and financial deregulation as binding in exchange for assistance in economic restructuring (Cahill 2014). A structural and regulatory bias in favour of such policy prescriptions has seen a ‘constitutionalisation’ of neoliberalism and, in turn, its institutional embeddedness in the practices of international lending agencies (Cahill 2014: 108). As such, structural adjustment programs for developing countries have employed elements of coercion on an international scale, which have eroded the autonomy and agency of states in their capacity to enact regulations and non-neoliberal policy.

The pressures of the dissolution of the USSR brought Armenia to the table of international organisations to address the crippling condition which the transition had set in motion (Babjanian 2008: 387). In 1996 and 1997, the WB approved two Structural Adjustment Credit programs, each worth the equivalent of US\$60 million. In return for credit

allowance, the WB called for the reorientation of the state away from direct management of the economy, restructuring of the banking system to facilitate private sector growth, integration into global market processes, and the mass privatisation of state resources and services (WB 1996: 12-4). Central planning in the Soviet-era prioritised industry and self-sufficiency through import substitution policy (Popov 2019: 8), and open-ended subsidisation of enterprises (Babajanian 2008: 392). Contrastingly, Armenia's post-Soviet reforms implemented vast privatisation and liquidation of former enterprises, leading to wide-scale deindustrialisation. This has seen a reorientation towards the service sector. While the share of industry represented 47 percent of GDP in 1991, this has fallen significantly to 25 percent in 2017; while the share of services in national economic activity grew from 20-30 percent in the late 1980s and early 1990s, to over 50 percent in 2017 (Popov 2019: 8).

As a general trend within post-Soviet states, neoliberal policy-makers posited that 'the pains of adjustment were both transitory and necessary in order to achieve macroeconomic stabilisation and respectable rates of growth' (Ishkanian 2002: 390). This includes the choice of privatisation or liquidation of enterprises to overcome debt, as well as the acceptance of social consequences of adjustment to new market conditions, such as higher unemployment during the transition period (WB 1996: 22; WB 1999: iii). However, the emerging competition resulting from privatisation in this field led to a decline in the number of available jobs and an increase in the vulnerability of employment available (Babajanian 2008: 392). Armenia's unemployment rate totalled 1.6 percent in 1991 (WB 2019a) compared to the most recent figure of 21.90 percent in 2019 (CEIC Data 2019a). The pursuit of driving states to partake in globalization processes has led to internal economic planning increasingly being based on the external prescriptions made by IFIs. Rates of GDP per capita have gradually increased since 1992, reaching US\$4,187.694 in December 2018, from US\$3,869.040 in 2017 (CEIC Data 2019b). Armenia's Gini coefficient has gradually risen from 30 in 2010 to 33.6 in 2017. This points to greater material and social hardship, with 25.7 percent of Armenia's population living below the national poverty line in 2018 (ADB 2019). Poor socio-economic outcomes persist despite promises of development through neoliberalisation, as exemplified by such ongoing poverty and inequality.

The precariousness of the resulting economic system was predicted and enshrined in the policy prescriptions. Transnational capital influx was

deemed crucial due to a risk of stabilisation and structural reforms being undermined by sociopolitical opposition arising from the protracted time-span of economic recovery (WB 1996: i-ii). This would ‘be mitigated by continued assistance from donors and the Armenian diaspora through remittances’ (WB 1996: i-ii). Coupled with the shrinking of the state through reductions in public expenditure, this saw an influx of external foreign capital and the flow of remittances (resulting from abnormally high levels of emigration) normalised in the functioning of the economy. Remittances from abroad constituted 12 percent of GDP in 2018 (WB 2019c). Armenia’s rate of growth has been dependent on foreign investment, aid and remittances. This has rendered the state more susceptible to fluctuations in the performance of the global economy and experiences of crisis, which has had lasting consequences since the 2008 GFC, precipitating a 15 percent dip in Armenia’s real GDP growth (CEIC Data 2019c).

The universalisation of the market economy and tug-of-war involving resources and regional configurations of the South Caucasus have been heavily shaped by Europe and the US. From 2014 to 2018, the EU provided Armenia with €20 million worth of financial aid, mostly devoted to governance, private sector developments and education (EU 2018). This remains a mechanism through which the EU can reshape the private sector to prioritise freedom of capital interests. Non-Government Organisations (NGOs), such as US Aid, have also played a role in this process. However, such interventions have not compensated for prescribed government service withdrawals. Instead, conditions dictated by the World Bank and other donors have left NGOs to ‘pick up the pieces’ or ‘fill the gaps’ in the pursuit of higher efficiency (Lewis and Kanji 2009: 92). These factors have, collectively, seen the Armenian state overwhelmingly subject to the whims of transnational capital and surrounding powers, as spatial mobility is employed in overcoming fragmentation within the immediate region.

Challenges to democratisation

Neoliberalism encompasses methodological individualism and the concept of markets forming morally superior spheres of voluntary exchange (Cahill 2014). Here, capacities for internal processes of democracy can be shaped by external economic coercion, as externally

conditioned financialisation in less developed states can lead to domination through economic power. In 2017, Armenia transformed from a semi-presidential to a parliamentary republic, which has been seen as an attempt by then-President, Serzh Sarkissian, to retain power by becoming Prime Minister after fulfilling his second Presidential term (Ishkanian 2017). In 2018, Armenia experienced a momentous shift in its governing structure in which opposition leader, Nikol Pashinyan, gained favourability against the ruling Republican Party of Armenia, headed by Sarkissian. The uprising against the then-government was the result of ongoing poor conditions within the country – by 2017, over 30 percent of Armenians lived under the poverty line and 47 percent of those aged over 15 years were unemployed (Ishkanian 2017: 1). The previous government was branded a ‘semi-consolidated authoritarian’ regime by Freedom House in 2014, and was seen to be controlled by pro-government oligarchs, who had the capacity to manipulate legislation to serve their economic interests.

Under the Pashinyan government, Armenian oligarchic figures have been investigated for crimes of bribery and corruption, including the former Armenian president, Robert Kocharyan, and businessman and politician, Gagik Tsarukyan (Elliott 2020). With regards to the institutional development of Armenia, PM Pashinyan was dubbed a democratic beacon in the country and pledged to enforce measures to increase business transparency. However, the PM also met with foreign investors and described Armenia’s tax code as an ‘open-door policy for foreign investors with plans to drastically decrease economic regulations and restrictions in Armenia’ (Armenian Weekly 2019). Relations with Iran and Russia have also been carefully prioritised as governance continues to be dictated by geopolitical constraints.

Fragmentation and resource competition

The contestation of Armenia’s borders has seemingly driven the nature of Armenia’s foreign policy measures, as well as the economic and political development of the South Caucasus region more generally. While mismanagement of resources has been a theme in the failure of Armenia to progress socio-economically, regional constraints – including war, land-locked geography and blockades – have been a large contributing factor. Indeed, due to its geopolitical significance, Armenia’s domestic

issues are inseparable from its geopolitical context of trade blockade and conflicting claims of territorial control.

Armenia continues to be excluded from energy and transit routes linking Azerbaijan, Georgia, Turkey and Europe, due to a conscious effort by Azerbaijan to isolate Armenia until it relinquishes its claim to Nagorno-Karabakh and withdraws its forces. Arguably, neoliberal reforms notionally seeking to engender sustainable economic growth and the alleviation of social hardship, must also address the geopolitical fragmentation of the region. Factors preventing this will be explored further along. In the absence of regional cohesion, the state has looked to greater integration within the global market economy. However, this has been shown to reverberate negatively through overreliance on foreign capital inflows and, consequently, heightened vulnerability to external factors, as well as dispossession through the implementation of externally derived liberalisation measures.

Political economic developments in Azerbaijan

Neoliberalism and globalisation

Azerbaijan emerged from the Soviet Union with many obstacles hindering development, including chronic instability, inter-ethnic and territorial disputes, and a major decline in economic conditions (Hunter 1997: 457). Azerbaijan's post-Soviet development has been largely conditioned by the appeasement of Western states and the business interests of the ruling class, leading to the extractive industry being prioritised to neglect of the real economy. This has engendered extreme macroeconomic growth since 1991, however it has rendered the state vulnerable to fluctuating oil prices whilst predominantly benefiting shareholders largely concentrated in the EU and US. The State Oil Fund of Azerbaijan (SOFAZ) was established in 1999 as a public sector organisation to manage revenue from oil and gas production, and has led the country's public finance system since (Aslanli 2015: 114). Beginning in 2005, the state experienced an oil boom, resulting in revenue of US\$125 billion (Tiwari *et al.* 2018).

By 2011, the boom was over, and a commodity crash in 2014 saw the Azerbaijani Manat rapidly depreciate and consumer prices increase by

10.4 percent the following year, leading an estimated million people to fall into poverty (Tiwari *et al.* 2018). Nevertheless, the extractive sector continues to dominate the economy – in 2018, oil exports rose by 44 percent year-on-year compared to non-oil sector exports which increased by only 12 percent (WB 2019b). Meanwhile, macroeconomic growth has been moderate, with real GDP growing by 1.4 percent and no significant growth expected until 2022 (WB 2019b). Thus, Azerbaijan has steadily emerged from its 2014 economic crisis, but has experienced marginal GDP growth in its aftermath, and faces real challenges to its future economic sustainability.

Azerbaijan's current economic woes demonstrate the long-term effects of structural adjustment decisions made under the directions of external IFIs, including the IMF, in the immediate post-Soviet period. The IMF issued a *1997-2000 Policy Framework Paper* that stipulated the continued goals of capital account transactions and trade liberalization, as well as a comparative advantage policy of specialising in the export of oil (Rzayeva 2013: 52). Azerbaijan subsequently shifted to a petroleum-based development strategy, which accommodates external capital interests and the hegemony of the global economy, but which has also engendered an imbalance in the state's productive capacity and instability of the domestic economy. This mirrors the Armenian case of contradiction, where IFI prescriptions open-up a state to greater instability through policy prescription, without appropriate means for addressing periods of crisis.

State expenditure has not been used to address social struggles over the long term, while regional inequality persists relative to the state's vast accumulation of oil wealth. 2019 oil revenues formed 60 percent of the government budget. Of the total budget, 39.9 percent was allocated to construction, while 4.2 percent was allocated to healthcare and 0.06 percent to environmental protection (Ibadoghlu 2019). Unlike the case of Armenia and Georgia, Azerbaijan was not paralysed by fiscal constraints. Between 1995 and 2003, there was a steady decline in the budget share allocated to health spending. Meanwhile, in 2005, oil-rich Azerbaijan spent the second least on health care amongst all former Soviet countries, above only Tajikistan (Rzayeva 2013: 36). In 2010, the WHO also noted a lack of plans or priorities, as well as a lack of government response to the deteriorating health and medical needs of the population (Ibrahimov *et al.* 2010: 25).

Challenges to democratisation

Regarding the institutional structure of Azerbaijan today, the polity has come to adopt a petrostate model, with control of market reform, political decision making and long-term economic planning in the hands of a small and interconnected elite. Following independence, Azerbaijan experienced intense instability, social unrest and political in-fighting, which saw the state resort to governance under the old elite and which has largely not been conducive to capitalist transition, despite changes in the motives of economic planning. Heydar Aliyev governed Soviet Azerbaijan from 1969 to 1982, and returned via a coup d'état in 1993. This government re-established authoritarianism, but also manipulated market reforms in accordance with the financial interests of the oligarchic ruling elite (Meissner 2018: 227). Aliyev promoted specific networks, which came to control much of the economy and have appropriated national wealth (Meissner 2018: 228).

In 2003, Illham Aliyev succeeded his father and is currently in his fourth term as President through a series of elections widely deemed fraudulent (Meissner 2018: 228). Business interests have increasingly eclipsed the predominance of clan loyalties; however, these remain the two dominant mechanisms of Azerbaijani governance and are enmeshed in the social structure of the state (Meissner 2018: 226). A US cable released by Wikileaks has likened Azerbaijani governance to the feudalism of the Middle Ages, as a 'handful of well-connected families control certain geographic areas, as well as certain sectors of the economy' (Wikileaks 2010 quoted in Meissner 2018: 229).

The WB and IMF do not monitor the state's budgetary activities, and constraints on civil society limit the amount of information which citizens are afforded (Aslanli 2015: 119). IFIs fund Azerbaijani state hydrocarbon projects, despite their not fulfilling institutional mandates of business transparency (HRW 2019). The European Bank for Reconstruction and Development (EBRD) approved a US\$500 million loan for construction of the Trans-Anatolian Natural Gas Pipeline (TANAP) in October 2017, a project which would supply natural gas to Western Europe via Turkey (HRW 2019). This sets Azerbaijan apart from Georgia and Armenia, which have both experienced quite robust civil movements – heralded as 'progress' by western governments. In Azerbaijan's case, economic actors – including the EU and the US – have sidestepped issues of domestic human rights abuses, ongoing territorial

disputes and uneven development in the pursuit of regional 'stability' guaranteed by Aliyev, which secures their interests in oil and gas resources (Simão 2018: 189). This has necessarily been facilitated by a geopolitical scramble for Azerbaijan's oil and the regional pressures of territorial conflict, which have caused the state to look for economic and political allegiances outside of the region. Such contradictions and democratisation incapacities adhere to the cyclical nature of neoliberalism, spatial fragmentation and uneven development in the South Caucasus.

Fragmentation and resource competition

Azerbaijan's post-Soviet transition has seen the state's growth conditioned by the economic interests of external powers, coinciding with spatial imbalances in the region. In 1998, US congressman, Doug Bereuter, made the claim that, 'The collapse of the Soviet Union has unleashed a new great game' (DeWaal 2010: 174). The Caspian basin became of major interest for US foreign policy as a component of energy security, as well as a means to contain the regional influence of Russia and Iran (DeWaal 2010: 174). An overt Western influence came into play through the logistical challenge of efficient transportation of oil to the European market.

The distribution of resources, including oil and gas, continues to be immensely important in the development of the South Caucasus states. In 1994, the Aliyev government signed a 30-year deal that was worth US\$10 billion with nine foreign companies from six different countries, including BP, Unocal, Amoco, and the Russian company, Lukoil (DeWaal 2010: 172). This deal founded the new Azerbaijan International Operating Company (AIOC), which would have major stakes in the developing oil fields after the State Oil Company of Azerbaijan Republic (SOCAR) (DeWaal 2010: 172). These international agreements were created not solely for the purpose of gaining mass revenue from oil output, as the Azerbaijani government wanted to give 'Western governments a stake in Azerbaijan's statehood', in the wake of Armenia's military occupation of Nagorno-Karabakh (DeWaal 2010: 172). However, here the high concentration of wealth and power in Azerbaijan has established patterns of asymmetry in exchanges over space within the South Caucasus, which ultimately benefit Western transnational capital

and interlink regional economies into patterns of uneven geographical development (Harvey 2003).

Externally-created concentrations of wealth and power have given way to uneven development and asymmetrical exchange relations, intensifying the fragmentation of the region. An example of this is the 2006 Baku-Tbilisi-Ceyhan (BTC) pipeline. The pipeline excluded Armenia, whilst ‘binding three of its four neighbours more closely together’ (DeWaal 2010: 178). Proposals for a ‘peace pipeline’ were drafted and these would arguably form the foundation for a Nagorno Karabakh peace agreement, but this project lacked political will on the part of Azerbaijan and the project’s foreign shareholder (DeWaal 2010: 178). Energy expert Robert Ebel said of the project, ‘Peace can bring a pipeline, but a pipeline can’t bring peace’ (USPO 1996: 20). Such a project would have imbued the states in a process of combined economic reproduction, lessening the intensity of capitalist competition for resources and leading to potentially fixed regional cohesion. It was, instead, subject to a risk assessment by the AIOC and shareholders, inherently driven by a profit motive. To this end, Gershon argues that the use of means-ends calculus – balancing responsibility, alliances and risk – constitute the corporate form of agency inherent in the universalisation of neoliberalism (2011: 539). Here, other forms of agency are discounted.

Political economic developments in Georgia

Neoliberalism and globalisation

The process of neoliberal reform in Georgia was largely state-directed and ideologically driven. The Shevardnadze government, from 1995 to 2003, pursued Washington-consensus style liberalisation, but in the context of institutions and social structures which were inherited from the Soviet era. In turn, the Saakashvili government came into power in 2003 through a civil movement arising from social hardship that had plagued the population since 1991. Through faith in the *laissez-faire* rationale of unbridled free trade, the Saakashvili government sought to alleviate the state’s stunted aggregate growth by implementing one of the most radically neoliberal sets of policies ever documented – including mass privatisation, the downsizing of the public sector, deregulation, reduced taxes, liberalisation of trade, and labour market deregulation

(Gugushvili 2017: 11). The preference for domestic business class interests, thereby, shifted to an overt preference for neoliberal policies favouring transnational capital.

This economic process has exponentially enhanced tensions between domestic labour standards and conditions favouring external investors. In 2006, a new labour code limited the rights of workers by giving employers full freedom in hiring and firing, abolishing the minimum wage and overtime pay, and limiting occupational health and safety regulations (Gugushvili 2017: 3). Moreover, prior restrictions on the private acquisition of public assets and limitations on selling assets to offshore companies and foreign state-owned enterprises were revoked, while the government privatised 3966 assets worth US\$1.4 billion by 2010 (Gugushvili 2017: 3). The government maintains an aversion to industrial policy and national enterprises have been exposed to international competition with minimal competitive advantage (Gugushvili 2017: 8). In 2016, manufacturing saw a net reduction of 9,000 jobs, while mining added 17,000 and hotels and restaurants added 6,000 (Gugushvili 2017: 8). Therefore, despite making strides in aggregate economic growth, there remains a concentration of investment and productivity in sectors which require low skill sets, capital-intensive technologies and/or largely short-term or precarious employment.

Further cementing this liberalising shift, Georgia signed an Association Agreement with the EU, establishing a Deep and Comprehensive Free Trade Area (DCFTA), which came into effect on 1 July, 2016 (European Commission 2019). This aimed to achieve greater economic integration between the EU and Georgia by removing import duties on goods and services, and allowing foreign companies to benefit from equal treatment in the Georgian economy, based on the principles of the WTO (European Commission 2019). This included the abolition of tariffs in trade, causing considerable hardship to small business sectors which employ a large share of the population. Meanwhile, multinational corporations have gained exponentially as patterns of foreign direct investment have engendered persistent trade balance deficits, limited composition of exports relative to imports, and a lack of trade diversification (Gevorkyan 2018). This has made the country more vulnerable to external shocks and subject to the changing projections of external investors.

High levels of unemployment, downward socio-economic mobility and economic migration have resulted from these reform measures. At the

end of 2018, the unemployment rate amounted to 12.7 percent. However, of the total employment data, those listed as self-employed amounted to 48.7 percent (Agenda 2019). A large portion of this group engages in subsistence farming and, if listed as unemployed, the unemployment figure would rise considerably (Wade 2016). Policies which saw immense social deprivation alongside the opening of the domestic market facilitated a movement of dispossession through capital accumulation. Meanwhile, liberalisation has accommodated the dominance of transnational capital in the domestic economy. This has led to an increase in economic vulnerability through dependence on the global economy, deteriorating domestic industry and low regulatory standards.

Agreements with IFI and other transnational capital entities, made without resolutions to land disputes, have perpetuated fragmentation as a reoccurring cycle. A recent report by Crisis Group International has found an increase in informal trade between Georgia and the territories of Abkhazia and South Ossetia, with economic strain being caused by inflated prices of imports due to the depreciation of the Russian rouble (used in the territories) (Crisis Group 2018: 5). Such economic activity challenges the restrictive and isolating trade regulations on the territories, imposed by Tbilisi, governments of Abkhazia and South Ossetia, and local communities living across conflict divides (Crisis Group 2018: 10). This represents a reversal of the dominance of relative conceptions of space, as goals of economic integration here are localised and based on community support. However, one major obstacle to this is the need for formal trade with the territories to comply with European standards, as outlined through the DCFTA in Georgia's EU agreement (Crisis Group 2018: 12). Here, globalisation has embedded the region in a state of fragmentation, as Georgia is simultaneously wedged in a case of constrained territorial fixity and universalised integration with the global economy. The overt integration with the latter arguably leaves localised spatial relations subject to externally-imposed economic standards, resulting in an impasse in overall development and growth.

Challenges to democratisation

Georgia has a multi-party system, with major political parties consisting of the Georgian Dream coalition, the United National Movement and the 'Our Georgia' Free Democrats. On a state level, the government has

attempted to 'level the playing field' between foreign and domestic businesses, which has overwhelmingly privileged external investors, thereby perpetuating domestic disadvantage and inequality (Wade 2016; Christophe 2007: 195). These links generally become enmeshed in elite political dealings, cementing tendencies towards 'corruption' among elite circles (Christophe 2007: 195). While corruption in post-Soviet states is often seen in class relations, external standards of economic freedom and the management of inequality, globalised class relations resulting from this are often unacknowledged.

In 2003, Edward Shevardnadze was deposed in a protest movement after having presided over a decade of 'economic stagnation, territorial tension, corruption, human rights violations and widespread unemployment and poverty' (Gugushvili 2017: 1). The following government headed by the United National Movement (UNM), led by Mikheil Saakashvili, implemented anti-corruption reforms with favourable outcomes in areas of traffic policing, infrastructural projects, the electrical industry and budgetary spending (Papava 2013: 57). However, the potential for corrupt practices remained ever-present.

A changeover of economic power between domestic elites and transnational capital was the outcome of this governing shift. Mechanisms for reducing poverty entailed rapid economic growth through 'improved governance, tackling corruption, establishing a business-friendly environment, attracting foreign direct investment (FDI), privatisation and large-scale infrastructure projects' (Gugushvili 2017: 2). This saw, the public sector significantly downsized due to its allegedly inefficient and corrupt public service, with the whole staff of the public registry (2200 people) being dismissed in a single day; staff who remained had their wages increased to avoid potential bribery (Gugushvili 2017: 3). Moreover, the government attempted to regulate the domestic business elite by collecting 'voluntary' donations of assets and property for the state through intimidation by law-enforcement agencies (Papava 2013: 57; Gugushvili 2017: 4). This arguably amounted to forceful expropriation and deprivatisation. The same government revoked restrictions on land acquisition by foreign investors. While the state sought to establish democratic institutions and market economic processes – designated as the 'Western path' – in practice, this has produced exploitative relations with Western states and corporate practices incompatible with the immediate social and economic challenges of the state and its citizenry.

Fragmentation and resource competition

The aforementioned BTC pipeline cemented Georgia as being of significant geopolitical interest to the US and Europe as a corridor to Caspian oil, in conjunction with its military importance in placating both Russia and Iran. For Georgia, the pipeline posed issues of environmental safety, which were over-ruled, and then proved to be less economically beneficial than expected, as construction created few jobs and would earn the state modest annual transit fees of roughly \$50-60 million (DeWaal 2010: 179). Overall, the BTC pipeline supplied only 1 percent of the world's output, but had immense implications for the spatial landscape and absorption into the global market. This illustrates the fact that liberalisation since 1990 has been a process of layered geopolitical orientation with hegemonic transnational capital motives and external questions of financial risk hampering the potential for regional integration. This extension of regional incoherence upholds Harvey's notion of opposing 'distributive' and 'collective' power, establishing a zero-sum game in which 'competition can improve the position of the hegemony by taking power away from others' (2003: 37).

Georgia's ongoing territorial dispute with Russia has seen the state become a staunch ally of the US as a counterbalancing force. In 2007 Georgian forces in Iraq amounted to 2000 soldiers, thereby becoming the US' second-largest ally in the campaign after Britain (Kramer 2007). In 2008, president Saakashvili 'blundered into a war' with South Ossetia, with Russia intervening on behalf of the latter (DeWaal 2010: 4). The expectation was that Georgia's allies in the West would provide support, but this didn't eventuate; leading, in turn, to defeat and Russian military occupation of South Ossetia ever since. Moreover, Georgia's application to join NATO has been stalled as of 2019 (Galliher 2019). The integration of Georgia in campaigns of US hegemony has seen relatively small-scale regional disputes over territory extrapolated onto a global scale and subject to broader movements of capital accumulation through militarism, originally triggered by economic transformation and the influence of competitive capitalist logic.

Future trajectories and paths for integration

For the South Caucasus region as a whole, IMF data predicted a rate of growth from 5 percent in 2018 to 4.5 percent in 2019, with the latter projected to remain consistent from 2020 to 2023 (IMF 2019a). In response to this, the IMF reaffirmed the need for integration into the global economy and urged that ‘structural reform should be accelerated to foster diversification and private-sector-led inclusive growth’ (IMF 2019b: 13). Most significantly, the report stated that, ‘[g]radually reducing the role of the state in the economy would level the playing field and lay the foundation for a more market-based economic system’ (IMF 2019b: 13). Such prescriptions hark back to the largely detrimental neoliberal structural adjustment conditions imposed during the 1990s. Arguably, the region has more to gain from local economic cohesion, and economic and political incentives for peaceful relations and combined economic reproduction. This could aid in alleviating intra-state tensions and militarism, domestic challenges to democratisation and uneven development.

Internal models for development

Domestic governing modes of development can be implemented to further the creation of social institutions and overall socio-economic growth and equality. These require political autonomy and political will, as well as transparency in foreign trade, resource exports and revenue. An example of this is partial privatisation, in which case privatised assets in transition countries are maintained through non-controlling ownership of the state (Schmitz 2003). This ownership model can mitigate the disadvantages of public ownership, such as minimum managerial improvements, and full privatisation, including exploitation by transnational firms and damaging incentives to minimise costs (Schmitz 2003).

Partial privatisation can manifest in various ways, such as where managers have full control of investment decisions and perhaps prioritise cost reduction in production process, or where the government bears control too and signs-off on quality improvement and considers externalities (Schmitz 2003). This would provide flexibility for the incorporation of such ownership structures to various enterprises, from

resource extraction, to firms and banks. Partial privatisation has been argued to have positive outcomes of increased management efficiency and labour productivity without layoffs. However, these outcomes depend on political will and stated government objectives, such as maintaining or increasing employment levels (Gupta 2002).

The developmental state model entails another means through which further growth can be achieved sustainably and alongside socioeconomic betterment. The developmental state model allows for more state independence and autonomy as well as economic control, such as through state intervention and regulation. These measures go against the stated prescriptions of IFIS and structural adjustment programs previously discussed and are, instead, geared towards increased industrialisation (Singh and Ovadia 2018). It is argued that, ‘the state is central to the development process and bears the capability to resolve market failures, capital scarcity and lack of coordination between governments and industrial elites’ (Singh and Ovadia 2018: 1035).

Such development can be promoted through the creation of a professionalised bureaucracy and employment of domestic technocrats to determine state capacity, as well as pro-business policy which can create mutually-beneficial projects (Singh and Ovadia 2018). Structural vulnerabilities are also said to support developmental state models, as governing bodies and industrial elites base their political legitimacy on socioeconomic measures (Singh and Ovadia 2018). Future development trajectories on a national level continue to depend on the political will and geopolitical constraints of the state. This has inherently given rise to forms of governed internationalisation, through particular blocs of political and economic cooperation. These have been beneficial in strengthening more localised economic flows in the region and incentivising regional stability and cohesion.

Regional cohesion

At a regional level, the territorial disputes and consequential fragmentation of the South Caucasus have arguably determined the states’ conflicting developmental paths. The inability of Europe, the US or the OSCE Minsk group to determine concrete solutions to the Karabakh issue, and strained relations between Turkey and Azerbaijan, have seen Armenia maintain close ties with Russia. Armenia joined the

Eurasian Economic Union (EAEU) – a union of fellow Post-soviet states including Russia, Belarus, Kyrgyzstan and Kazakhstan – allowing free trade between the five with common customs regulations (Oskanian 2014). Armenia is the only country to not share a border with any other of the trade bloc’s members, and relies on Georgia providing a free transit corridor for exporting its goods (Asbarez 2014). However, impending membership of Iran to the EAEU was announced in October 2019, representing a positive step in localised, regional integration of Armenia and Iran, as an immediate neighbour (Mehr News 2019).

Azerbaijan’s need to reduce dependence on oil exports has also seen the country slowly align itself with Iran for mutual economic and political benefit. This has included increased bilateral relations, military cooperation, increased trade and the completion of a North-South corridor (Hodaiei 2019). The two signed the Caspian Sea Deal in August 2018, reiterating the spatial control of the sea between them (Hodaiei 2019). In 2019, plans were announced for the creation of a joint industrial zone on the Iranian-Azerbaijani border (Mammadova 2019). However, these initiatives contradict the geopolitical outlook of the US in the region and may become problematic if they conflict with the interests of Azerbaijan’s allies in the South Caucasus, such as the Turkey and Israel.

Russia has often had tense relations with neighbouring Georgia, while remaining Armenia’s largest trade partner, biggest investor and main supplier of nuclear fuel and gas. In disputes over the pricing of gas supplied by Gazprom, Armenia has considered diversification of the gas market and notions of a ‘tripartite project’, including Iran and Georgia. Such a project may be met with resistance from US interests in the region and fall under the sanctions regime which the US has imposed on Iran (Konarzewska 2019). Azerbaijan has also acted to diversify its real economy and increase its alliances outside of Russian influence.

The GUAM (Georgia, Ukraine, Azerbaijan and Moldova) Organisation for Democracy and Economic Development, established in 1997, was a step towards integration and has aims of strengthening economic ties and effective cooperation (GUAM 2019). The group engages in joint economic and transport projects, and is seen as a movement of counterbalance against the dominance of Russia in the region through the benefit of the Caspian Basin (Goble 2018). Despite these developments, the unresolved regional disputes have overwhelming dictated the

developmental trajectories of these states and continue to do so. Overlaying the tense regional fixity with strides of liberalisation has arguably strengthened regional asymmetrical exchange relations. This has occurred through concentrations of wealth and power-based advantages to capital markets and external economic actors. Debates over state integrity and persistent threats of war between Russia and Georgia, and between Azerbaijan and Armenia, have also served to entrench processes of disintegration.

Conclusion

This article has argued that the vastly divergent developmental trajectories of Armenia, Azerbaijan and Georgia are based on the unresolved territorial disputes that came with independence. The spatial fragmentation and ongoing militarisation which have resulted from this have caused the states to look outward, beyond the region, for economic and political ties that can facilitate growth. In the case of Armenia, this has seen recent trends of liberalisation and strengthening alliances with Russia and Iran. Azerbaijan has utilised its immense resource wealth to collaborate with Turkey for the sale of energy resources to Europe. Finally, Georgia has sought to increasingly align itself with the EU, NATO and the US. Each state attempts to adhere to external policy prescriptions based on the predominance of commodity exchange, neoliberal policy and adherence to transnational capital interests to secure trends of aggregate growth and development. Social regulation and localised forms of economic integration are, thereby, subordinate to international capital flows, as prescribed by the neoliberal processes favoured by external IFIs.

This stark economic transition has led to severe challenges to the state's capacities for democratisation. Regional tensions reverberate and manifest on a domestic level between citizenry, their governing institutions, national elites and transnational capital entities. Processes of democratisation have been either stunted or unfolded in a manner favouring transnational capital. Moreover, the fragmentation of the region maintains a cycle of regional discord and perpetuates the most pernicious effects of neoliberal measures through uneven development, continued hostility and militarisation. There is potential to break these

cycles only if the states can adopt internally directed models for sustainable economic development and greater regional cohesion.

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CAPITALISM, DEMOCRACY AND THE NEOLIBERAL AUTHORITARIAN TRIFECTA

Richard Westra

Since the US Declaration of Independence, which parroted John Locke's call for the pursuit of 'life, liberty and happiness', and near-simultaneous publication of Adam Smith's tome, *The Wealth of Nations*, capitalism has been promoted as synonymous with freedom and democracy. Marx well understood the extreme one-sidedness of bourgeois depictions here, as captured in his quip of capitalist society as an 'Eden of the innate rights of man [... where] alone rule Freedom, Equality, Property, and Bentham' (Marx 1977: 280).

In the economic domain, Marx's analysis pierced through the view of 'Free Trader Vulgaris' of market 'exchange' bringing about economic 'co-ordination without coercion' (Friedman 2002 [1962]: 13). Marx understood that capitalism 'frees' human material reproduction from webs of interpersonal relations of domination and subordination in which it was ensnared in pre-capitalist societies. Yet, it replaces pre-capitalist extra-economic coercion with *economic* coercion, such that as individuals pursue their self-seeking proclivities in the market, capital wields these at a systemic level in ways that serve its abstract purpose of value augmentation or profitmaking, and also reproduce capitalist class relations. Such 'freedom of the individual and tyranny of the whole' remains a fulcrum for bourgeois ideology (Albritton 2007: 51)

In the political domain, things are more complex for Marx. Recognising that no determinate link exists between capitalist social relations of production and political democracy, Marx's grasp of capitalist superstructural forms built upon historical examination of the economic and social class conditions in the transition from pre-capitalist feudal

Westra, R. (2020)
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society, as well as analysis of nascent capitalist social contradictions (Hook 1962: 160-2). For the purposes of discussion below, the latter question assumes greatest significance. While Marx is often accused of espousing a restrictive notion of class rule, careful excavations of his corpus demonstrate highly nuanced treatments by both he and Engels of social class conflicts and their superstructural expressions at the centre of nascent democratic forms across major advanced economies of his day (Hunt 1984: Ch. 3).

This article builds upon Marx's sensitivity to capitalist change and its implications for the superstructure to, first, explore the broad types of democracy which accompanied major capitalist transmutations across its world historic stages of development. What is shown in this analysis is that even as the franchise expanded across major democracies, a confluence of economic changes and structuring of electoral systems served to limit popular sovereignty and thwart significant challenges to ruling class interests. In turn, second, it delineates the key economic changes marking the neoliberal era as a period of capitalist decay. Understanding this helps us contextualise the superstructural shifts of the neoliberal era.

Third, it then exposes three interrelated anti-democratic tendencies secreted by contemporary neoliberal polities in advanced economies. 'Legalisation of politics' entails systemic overriding of electoral efficacy and political decision-making in major democracies by courts and judges, leaving a wasteland of depoliticised mass publics in its wake. What is dubbed the 'new constitutionalism' captures the ensnaring of national polities in webs of rules crafted by, or at the behest of, major corporations. This endows them with extraordinary powers which effectively subordinate national polities irrespective of political orientation – social democratic, liberal and so forth. Finally, the 'state of exception' devolves from a provision embedded in most democratic constitutions granting unlimited authority to executive branches in times of emergency. As protests to the neoliberal excrescence mount, it is increasingly wielded as a truncheon against them. Particularly insidious here is that, rather than overt impositions of authoritarianism such as dictatorship or fascism, these tendencies envelop neoliberal society under the guise of constitutionality and the rule of law.

Stages of capitalism and types of democracy

The periodising or theorising of stages of capitalism is represented in an extremely wide-ranging literature.¹ In the perspective adopted here, theorising stages of capitalism constitutes a synchronic mid-range ‘level of analysis’, which captures major historical structures of capital accumulation and their superstructural supports. Its *raison d’être* is to mediate the movement in thought from what is variously referred to as Marx’s ‘basic’, ‘general, or ‘pure’ economic theory of capitalism in *Capital*, to analysis of the diachronic rough-and-tumble agency domain of capitalist history where causal forces other than capital, such as race or patriarchy, factor into social outcomes.

Marx’s project in *Capital* theorises capitalism in its most fundamental incarnation, unfolding all its economic categories in their logical immanence to demonstrate how capital wields the labour and production process of society as a vehicle for value augmentation (Westra 2012/13). However, in capitalist history, the logic of capital always appears as a specific type or form of accumulation which, being historically contingent, cannot be ‘read-off’ the logic of capital. While it is an ontological tendency of capital to create an ‘economic society’ managed by a self-subsistent economic substructure of self-regulating markets, across its history the capitalist market is always supported to varying degrees by a non-economic superstructure (Westra 2019b). In short, mid-range stage theory enables Marxian political economy to exorcise tendencies toward economic or class reductionism. Simultaneously, it empowers political economic analysis to discern both the causal impact of capital and force of class oppression within the complex and shifting interplay of social forces, social oppressions and resistances to these which mark capitalist history.

Current critical social scientific studies of the relationship between democracy and capitalism continue to follow Marx’s lead in exploring the historical emergence and persistence of democracy through the prism of class conditions (Moller and Skaaning 2013: Ch. 8). However there has been a paucity of analysis of how shifting economic and social class

¹ The only book I am aware of which treats the full spectrum of major approaches to stages of capitalism under a single cover, including both Marxist and non-Marxist interventions, is Westra (2019a).

contradictions, along with the ramifications of these for democracy, play-out in the context of major structural transformations of capitalism.

Exploration of changing superstructural patterns, concomitant with major structural shifts in types of accumulation, is indebted to the ground-breaking work on bourgeois democracy of C.B Macpherson (1977). Macpherson argues that to grasp the specificity of bourgeois or 'liberal democracy', it is necessary to study its origins and development within the context of capitalist class structure. Macpherson, thus, eschews teleological understandings of democracy, given how those populating 2000 years of history from the Athenian exemplar onward presuppose the operation of democracy within social milieus which were *not* class divided. Liberal democracy, on the other hand, is formulated from the outset to 'fit' a democratic system onto a class divided society (Macpherson 1977: 9-10). For Macpherson, the Nineteenth Century constituted a 'break' in both the theory and practice of democracy. Moreover, notwithstanding the institutional idiosyncrasies of democracy from the Nineteenth Century in this or that bourgeois or liberal democratic state, Macpherson typologises democracy into the post-World War II (WWII) era according to three broad 'models'.²

The first form of liberal democracy – what Macpherson (1977: 23-5) dubs 'protective democracy' – consolidated in the Nineteenth Century capitalist stage of *liberalism*, rather than what may be considered the initial stage of capitalism, Eighteenth Century *mercantilism* (Albritton 1991: 66-9). There are several reasons why protective democracy took shape in the capitalist stage of liberalism. First, industrial capital emerged as the dominant faction of the capitalist class. It was industrial capital, represented in Britain by increasingly urban mechanised factory systems in cotton textile manufacturing, which operated as the closest historical exemplar to the 'pure' theoretical understanding of a self-subsistent substructure of self-regulating markets managing economic life. Capital itself was atomised, entrepreneurial and competitive in both its domestic orientation and international projection, captured in the notion of *laissez-faire*. Second, by the mid-1830s, the last legal vestiges of extra-economic, paternalistic, labour mobility-restricting legislation – previously secured by mercantilist merchant capital – were swept away. This fostered a national labour force of commodified labour power – 'free' in the double sense of separation

² Macpherson delineates a fourth 'model', 'participatory democracy', though questions if it could ever be realised in a capitalist society.

from means of production and from extra-economic interpersonal social relations of domination and subordination. Third, after operating with regularity in Britain from the 1840s, the cyclical oscillations of the economy – which absorbed labour from and expelled it back into the industrial reserve army, and also hurled bankrupted entrepreneurs back into the proletariat – were accepted with a sense of fatalism by all social classes.

For Macpherson, the superstructural question built upon the ideological assumptions about human nature which had increasingly diffused across nascent capitalist societies of human beings as monadic, self-aggrandising benefit maximisers bent upon acquiring and safeguarding property. On the one hand, the form of state had to be such that the self-seeking proclivities of individuals (including the newly ‘freed’ direct producers) – pursued ‘without coercion’ on the market – were protected along with their property so acquired. This freedom of the individual, with its deep emotive content, embodied the original zeitgeist of the rising bourgeois class in its challenge to the interpersonal social relations of domination and subordination characteristic of the feudal order. On the other hand, given the bourgeois view of human nature as self-aggrandising, individuals (particularly the property acquiring-bourgeoisie) should be protected from the government necessarily composed of such individuals, particularly given the powers allocated to governments over citizens. With general agreement in Britain by the mid-Nineteenth Century (and, ultimately, other ‘early’ capitalist developers) over procedural mechanisms to ensure the foregoing – secret ballots, regular elections with the possibility of changing governments, freedom of the press, and so on – the only remaining issue to be worked-out was the extent of the franchise (Macpherson 1977: 34).

It was precisely this latter problematic that called forth what amounted to a competing, later Nineteenth Century variant of liberal democracy: ‘developmental democracy’ (Macpherson 1977: 44-6). Its conceptualisation accompanied the perceived growth in class consciousness of working classes and trepidation felt among elites for extending the electoral franchise. Developmental democracy held that the merit of democratic society was its enablement of human capacities for individual betterment. In this fashion, it infused a moral dimension into democratic thinking, with the intention of ameliorating the starker implications of protective democracy for the propertyless.

Two major factors, however, explain why ruling class fears over popular class electoral empowerment never came to pass. One is political; the second, economic. On the political side of the equation, Macpherson (1977: 65-6) argues, the political party system itself – refined during the late-Nineteenth and early-Twentieth Centuries in major liberal democracies – served to ‘blunt the edge of apprehended or probable class conflict [...] so as to save the existing property institutions and the market system from effective attack’. It mattered little whether the party system took the form of two dominant parties purportedly representing class interests, as in the Labour and Conservative party face-off in Britain; or, as in the United States and Canada, two predominant parties representing amalgams of diverse regional and sectional interests; or, finally, the Western European multi-party system, reflecting a multiplicity of cleavages (class, religious, and so on), which ultimately produced coalition governments. In the first instance, parties are compelled to shed their strong class position and adopt more centrist platforms that appeal to broad ‘national’ interests in order to win elections. In the second, major parties are driven to act in an ever-more-similar fashion to position themselves in increasingly ‘indefinite’ ways as all-things-to-everyone. To the extent that third or fourth parties arise espousing more definite class (or other) positions, these are prompted to adjust to the procedures of the major parties the closer they get to displacing the first or second in electoral contests. Finally, in multi-party systems – which all but guarantee coalition governments – parties eschewed narrow, determinate platforms that would inevitably be subject to coalition compromise (Macpherson 1977: 66).

On the economic side, the momentous changes experienced by capitalism across its heartlands at the turn of the Nineteenth and early-Twentieth Centuries led to important superstructural shifts. First, characteristic of *imperialism*, the third stage of capitalism, the economies of scale and investment exigencies of the ‘second industrial revolution’ of heavy steel and industrial chemicals significantly reconfigured capital. Combined vertical and horizontal integration of industrial processes in a single firm drove tendencies toward oligopoly and monopoly. The high up-front fixed capital costs led to the remaking of industrial capital as finance capital. If industrial capital innovated by drawing on firm profits and borrowings from money markets populated by commercial banks, finance capital added access for giant firms to alternate sources of liquidity across imperialist societies through the formation of equity or capital markets. Second, the sheer economic weight of commanding heights oligopolies

rendered them ‘too big to fail’, thereby bringing the state back-in from its *laissez-faire* posture to enact protectionist policies in home markets and prosecute imperialist policies internationally. Imperialist policies, which entailed carving economic territories out of the non-capitalistically developed world to emplace infrastructures of extractivism, led to rivalries among imperialist states and increases in military spending. Third, the restructuring of capital fostered a segmentation of the working class in major advanced economies, creating an ‘aristocracy of labour’ which tended to identify with new ‘middle classes’ spawned by financial and industrial sector bureaucratisation. Imperialist extractivism gave working classes access to myriad new exotic consumption goods, as it enabled states to offer handouts to workers and, thus, further dampen potential working-class radicalism (Westra 2016: 123-8). Fourth, the ratcheting-up of military spending to support imperialist policies engendered increasingly bellicose nationalisms, which served to sublimate class division by projecting antagonisms toward alleged external enemies (Albritton 1991: 215).

To return to the question of the developmental democracy model, it justified the growing state expenditures by major capitalist economies of the imperialist era on public education, healthcare and other forms of social insurance. Public education, in particular, emerged as an important transmission mechanism for the imperialist ideology of strident nationalism. For example, it was during the imperialist era of the early Twentieth Century that American schoolchildren were compelled to pledge allegiance to the flag prior to classes. New mass literacy through universal primary school education also opened further avenues for elite manipulation of working-class views (Albritton 1991: 215-8). As Macpherson explains, as important a role as the party system played in deflecting class antagonisms, it would never have accomplished the task without the power of nationalist ideology and aforementioned imperialist economic transmutations fomenting segmentation within working classes. Indeed, into the Twentieth Century, political theory itself veered away from concern over social class toward belief that welfare or ‘regulatory’ states will align democracy with capitalism, such that ‘rational, well intentioned citizens, who had [...] a whole variety of different interests, could adequately adjust their differences in the peaceful, rational, give-and-take of parties and pressure groups and the free press’ (Macpherson 1977: 71).

Following an interregnum punctuated by two World Wars, socialist revolution and major economic depression, capitalism manages to reconstitute itself by the mid-Twentieth Century in a new stage of *consumerism*.³ If capitalist production of *imperialism* impeded capital to increasingly ‘organise’ accumulation with extra-market support, the shift away from untrammelled markets of *liberalism* arguably reached its capitalist apogee in this stage. To produce the characteristic product or ‘use value’ of complex consumer durables typified by the automobile, capital – in its frontier mode – morphed once again into corporate capital, as represented by multinational corporations (MNCs). MNCs coordinated supply and distribution of thousands of standardised parts and components in multi-plant, multidivisional oligopolies, integrating production, design, marketing and so on in vast economies of scale and scope. These, in turn, increasingly eschewed market transactions for intra-firm, intra-industry ‘transfer pricing’.

The ability of leading MNCs to self-finance freed a new managerial class fragment to implement long-term investment strategies. Exorbitant up-front and ongoing costs for corporate capital of semi-automatic assembly-line mass production was compensated by high throughput. This lowered unit costs, thereby making profit dependent upon ever-expanding mass consumption. On the one hand, this mass consumption was supported by ‘class accords’ between labour and capital, which accepted labour union roles in ensuring high wage compensation calibrated to productivity gains as long as unions remained politically quiescent. On the other hand, it was supported by state roll-out of an unprecedented raft of welfare policies, guaranteeing the unemployed, aged and infirm could continue the consumption fete. As put by Frieden (2007: 238-47): ‘Modern societies may simply have required social democratic welfare states to survive. It is otherwise hard to explain why every industrial society developed social insurance schemes whose similarities far outweigh their differences’. Finally, banished were remaining residues of market fatalism. States engaged in economic programming with countercyclical macroeconomic policies to maintain economies in conditions of semi-boom (Westra 2016: 138-41).

³ As explored in Westra (2019a), a wide variety of appellations have been applied to the post-Second World War stage of capitalism. In the periodisation of capitalism advanced here, stages are named according to the characteristic, stage-specific state policy supporting capital accumulation. Hence, the stages mercantilism, liberalism, imperialism, and consumerism.

The shift in modalities of capital accumulation marking the stage of *consumerism* had momentous impacts on social class conditions. Through the development and generalisation of mass media technologies such as the television, the pressing necessity of ever-expanding mass consumption for capital saw mass advertising promote mass consumption as a 'new secular religion'. This equated human happiness with the drives of notionally sovereign consumers to satiate their virtually infinite desires for commodities. This ideological propensity, along with the mass consumption bonanza available to average workers – automobiles, electronic goods, a bevy of home appliances, all potentially enjoyed in private homes purchased by workers through increasingly available credit – served to suppress social class distinctions. Rather, the capitalist stage of *consumerism* secreted a peculiar capitalist 'egalitarianism' or 'populism', which constructed society as an amorphous mass of 'hyper-individual' consumers – with vastly different incomes, to be sure, but where the dollar of one is deemed equal to the dollar of another (Albritton 1991: 247-9).

Paired with populist ideology of consumption was also a strong ideology of anti-collectivism. In part, this manifested in the form of vehement anti-communism in accordance with the mid-Twentieth Century Cold War division of the world. However, it was even more crucial for capital to ideologically counter the sheer extent to which economic and political life is shaped by vast, organised collectivities – from MNCs that manage economies of scale and scope akin to the operations of a Soviet state, to the sprawling policy bureaucracies of the welfare state itself.

For Macpherson, it was into this transformatory mix that the third model of democracy inserts itself. 'Equilibrium' or 'pluralist elitist' – sometimes 'pluralist elitist equilibrium' – democracy is 'pluralist' in that it draws on liberal democratic views of individuals with multiple identifications and interests, which they express politically within 'plural' societies. It is 'elitist' given that democracy is broadly understood as a 'mechanism' for choosing and authorising governments, with the process composed of a competition among 'self-chosen' elites (politicians) arranged in political parties. Political 'issues' are not decided by the electorate but by elites, with voters relegated to choosing among those elites to make decisions (Macpherson 1977: 77-8). This elitist dimension of post-WWII democracy has been fuelled, in part, by the sheer extent of corporate capitalist organisation and collectivisation characteristic of *consumerism*, as well as the congruent swelling of 'big government'. It was precisely the exigencies of requisite technocratic decision-making under such large-

scale organisational conditions which led economic commentators to suggest an affinity between Soviet and advanced capitalist society for management by elite experts (Westra 2019a: 70-1). Across advanced capitalist polities, given the bloating size of government bureaucracies, administrative decision-making has tended to eclipse that of elected legislatures in key policy areas – increasingly bringing to bear questions of legal remedy, rather than electorates, as a constraint upon elite decision-making (Albritton 1991: 259). As we shall see, one element of ‘legalisation of politics’ germinates in this trend.

Finally, ‘equilibrium democracy’ has leached out what moral content had seeped into bourgeois democracy in its ‘developmental’ model. Its core presupposition is that, as with the notion of consumer sovereignty – where individuals cast their dollar ballots for the commodities they desire – voters register their political choices for the purveyors of this or that batch of political goods. Those ‘purveyors of the batch which gets the most votes become the authorised rulers until the next election; they cannot tyrannise because there will be a next election’ (Macpherson 1977: 78). Equilibrium democracy extrapolates from the neoclassical rendering of the rational, maximising consumer acting under conditions of free political competition, akin to that of the economists’ beloved coercion-free market. However, already from the 1950s, the same advertising companies which fashioned mass consumption into a secular religion were being recruited for political campaigns. As one ad executive put it: ‘I think of a man in a voting booth who hesitates between two levers as if he were pausing between competing tubes of tooth paste in a drugstore’ (quoted in Cohen 2004: 332). Macpherson is under no illusion over how wealth and power to manufacture ‘choice’ reproduces only ‘an equilibrium in inequality’ in liberal democracy, which engenders the ills of bourgeois democracy, such as festering political apathy (Macpherson 1977: 86).

The neoliberal era and capitalist decay

The matrix of extra-market, extra-capitalist support for accumulation, including the accoutrement of the welfare state and macroeconomic policymaking, was never an option for capital in the stage of *consumerism*. Yet, notwithstanding such support, capital never completely suppressed market operations during its ‘golden age’. In turn, beginning in the late 1960s and spreading across major advanced economies into the 1970s, the

seemingly dampened contradictions of capitalist production returned with a vengeance (Westra 2019a: 132-8). The resulting crisis conditions in both individual advanced economies and across the global economy, in conjunction with the gathering environmental debacle arising from automobile-based societies, appeared to necessitate strengthening social democratic elements of the welfare state. Specifically, this conjuncture seemingly called for subjecting capital to increasing social control to redistribute wealth and utilise a raft of emerging eco-sustainable technologies. Macpherson's fourth model of 'participatory democracy' was a potential fit within the foregoing. Though, as Macpherson makes clear, its instatement demands not only a material foundation in radical diminution of inequalities, but a superstructural seachange from the 'populism' of hyper-consuming individuals to that of people as exerters and developers of their human capacities (Macpherson 1977: 99-100).

As the global economy lurched toward its epochal crossroads in the mid-1970s, ruling classes within advanced economies faced the anathematic prospect of greater economic redistribution and strengthened social democracy. However, at this stage, it was not readily appreciated that the alternative, neoliberal course adopted would not only continue to further unravel capitalism, but also hasten destruction of humanity in the process. The genesis and core tenets of neoliberalism as an ideology have been well elaborated. Here, it is firstly necessary to debunk the core emotive postulate of neoliberalism as a reloading of the capitalist market. Let us explore the economic changes of the neoliberal era through the prism of their impacts upon the collectivities central to the capitalist stage of *consumerism*.

First, despite variations among advanced economies, the global tendency from the 1980s has been for capital to abdicate its class accords and the mass commodified labour forces these accords preserved. It has accomplished this at the level of individual MNCs by disinternalising its mass production accoutrement, and economy-wide by disarticulating full-scale integrated industrial systems to outsource the making of things across the globe. Given capital has sought to maintain mass consumption economies of consumer durables and associated electronic gadgetry as its leading sectors, there was no question of simply reconstituting full-scale industrial economies and mass commodified labour forces elsewhere. Indeed, this would have simply pulled other economies into the ambit of the same contradictions from which capital was seeking to escape. Thus, the preferred source for production was less-developed economies with

vast, often subsistence agriculture-based, surplus populations, from which quasi-peasant, casual, contingent labour could be drawn and remunerated below costs of reproduction. Hardly a model of market proletarianisation, this mode of labour relations harks back to the ‘putting out’ systems of Eighteenth Century merchant capital, as it establishes a template for ‘precarity’ worldwide (Westra 2018). Further, though regimes hosting global productive capacity may have been regulatorily lax over working conditions, they have tended to be authoritarian states with imposing armatures of extra-economic social control, including that over labour mobility itself.

Second, as commanding heights MNCs in key sectors abdicated their production-centred activities, little in this global relocation of marketable productive capacity – euphemised as ‘globalisation’ – entailed anything resembling a reloaded capitalist market. Production became the prerogative of a new breed of oligopolistic non-equity mode (NEM) ‘contract-suppliers’. Those in less-developed economies tended to operate from special economic zones (SEZs), supported by multiple host government subsidies. SEZs largely service global demand with few substantive spill-over effects (beyond proprietary knowledge poaching) for local economies. It is through these that casual, quasi-peasant labour forces float. In advanced economies this system gave rise to giant retail conglomerates which, in tandem with the shift of production to NEM suppliers, drove casualisation across the employment landscape. Thus, by the early Twenty-First Century, the retail giant Walmart emerged as the single largest employer in the US. Further, the trend of the stage of *consumerism* for commanding heights MNCs to eschew market transactions for intra-firm, intra-industry ‘transfer pricing’, only amplifies in the neoliberal era with the caveat that traversing what are dubbed ‘global value chains’ (GVCs) are no longer flows of goods but sub-products. With the advent of the information and computer technology (ICT) revolution, MNCs maintain centralised global control over this sliced and diced production and distribution edifice. The sheer extent of extra-market, end-to-end ICT management by Walmart of production, distribution and sales has seen it touted as a model for future socialist planning (Phillips and Rozworski 2019).

Finally, let us explore neoliberal policy impacts upon its arch nemesis: the collectivity of the welfare state. In quantitative terms of total government spending as a percent of GDP, except for brief diminutions due to privatisation in the early days of neoliberal triumphalism, current total

state spending in most advanced economies has exceeded levels reached during the ‘golden age’ (Westra 2019a: 244). Yet, state spending profiles did morph. The key neoliberal trope animating this change has been the notion of central bank ‘independence’. In fiat money regimes since the stage of *consumerism*, an ‘optimal’ supply of money could *only* be achieved through policy, while it is the state which now chooses to delegate this power to ideologically vetted bank functionaries. Neoliberals reasoned that politically motivated fiscal policies of social wage support and macroeconomic countercyclical spending distorted markets. To remedy this, they held that central banks should limit their actions to monetary policy and let financial markets decide broad questions of spending and investment across all sectors.

At the outset, however, because debt levels from domestic and international lending in the dying ‘golden age’ years brought commercial ‘relationship’ banking to its knees in the US, financial markets needed a reset. A new architecture of lending soon spawned, where banks ‘originate’ loans, only to ‘distribute’ them off balance sheets – packaged in ‘investment vehicles’ – to a burgeoning world of ‘secondary markets’. Such ‘securitisation’ in secondary markets enables the financial system as a whole to expand lending well beyond what it holds as ‘capital reserves’. As this process unfolded, neoliberals fought to strike out ‘golden age’ regulations to ‘free’ swelling pools of social and private savings. Already by the 1990s, the magnitude of these savings in hands of pension, insurance, money market mutual funds significantly exceeded real capital held by production-centred business. With new regulations soon enacted, sanctioning practices that decades earlier were deemed tantamount to casino gambling, the activities of myriad ‘funds’ – rechristened as ‘institutional investors’ – fostered the emergence of a ‘shadow banking’ system. So intoxicated were neoliberals by the apparent wealth effects of this excrescence, that even valuations of commanding heights MNCs shifted away from ‘real’ profit concerns to the pursuit of ‘shareholder value’ on secondary markets. As perceived US GDP growth success into the Twenty-First Century saw this ‘model’ of financial market governance foisted upon the world, so the role of the US dollar as global currency hub led Wall Street and US shadow banking to a dominating role in global ‘financialisation’ (Westra 2019a: 211).

Lost in this reset was any semblance of real economic validation of debt levels. When commercial banks lent to business, the collateral was material accoutrement of some kind. But on secondary markets, the

investment vehicle or security itself *is* the collateral. Neoliberal re-regulating rendered these assets ‘money-like’ to such an extent that the shadow banking system metastasised into a net supplier of cash to the financial system as a whole (Westra 2019a: 210-1). Predictably, global debt exploded as did financial sector assets, each well outpacing global growth, and with precious little of this booty flowing into ‘real’ profit making investment. Yet, national accounting systems measured the preponderating finance, insurance and real estate (FIRE) sector contributions to growth akin to production of material output. In turn, central banks supported it by expanding the money supply and lowering interest rates on borrowing, while governments slashed tax rates on the gains accruing to the ‘assets’ traded on secondary markets.

What neoliberal blinkers missed was the birth of their financial reset in a government bailout of gargantuan proportions. As the neoliberal ‘model’ was foisted upon the world, it ushered-in an era of what are dubbed ‘rotating meltdowns’ (Westra 2012: chapter 5). This commenced with the ‘Black Monday’ 1987 global stock market crash and culminated in the great meltdown of 2008 with its 2011 aftershocks in Europe (EU). In all these, when financial sector exposure in the US and advanced economy allies portended collapse, ‘big government’ leaped into the rescue with taxpayer largesse. While neoliberal central bankers celebrated inflation-targeting monetary policy, which purportedly yielded a ‘Great Moderation’, a new cyclical dynamic of asset bubbles and bursts had overtaken the global economy. The neoliberal three-piece dream suit of ‘freed’ finance, interest rate manipulation and tax reduction never revitalised the production centred economy.

Thus, in lieu of private sector investment, government deficit spending only increased. Indeed, neoliberal financial market governance acted as a surreptitious industrial policy driving commanding heights MNCs to continue divestment of factories and commodified labour forces to concentrate on their ‘core competencies’ of finance, proprietary knowledge, design and so forth. Major economies have been so consumed by shadow bank asset play and its wealth effects that central banks have largely commandeered financial markets with ‘lender-of-last-resort’ guarantees to supply the whole casino with liquidity in perpetuity (Westra 2019a: 245). This has starved remnants of real economies of funds, as it foreshadowed never-ending austerity and predatory expropriations for working people to cover casino markers as each new bubble burst.

Finally, while the neoliberal dream of a reloaded capitalist market has always been a chimera, their ‘nightmare’ (Slobodian 2018: 93, 259) – of ‘economic nationalism’, around which advanced economies were rebuilt in the aftermath of WWII – has been exorcised.

Legalisation of politics

With neoliberal claims of resurrecting *laissez-faire* shown to give ideological cover to new forms of state regulation – which empowered the exploitative, wealth inequality-generating practices of MNCs and predatory finance – the article now turns to three authoritarian political trends which support this neoliberal economic grip on society.

Legalisation or ‘judicialisation’ of politics is the first neoliberal authoritarian propensity to be discussed. In approaching this superstructural form, this transmutation of judicial review, an important constituent of constitutional democracy, is not readily appreciated in legal studies. Work elaborating legalisation of politics recognises its development in ‘concrete social, political and economic struggles’ (Hirschl 2002: 217-8), but the analysis does not explicitly link it to neoliberalism. Let us attempt to forge some connections. The current trends in legalisation of politics are threefold. First is the inordinate expansion of ‘civil liberties jurisprudence’ revolving around questions of individual freedoms, while the ‘private sphere’ is perceived as threatened by the state. Second is concern with ‘ordinary rights jurisprudence’, relating to a raft of issues including accountability, transparency and fairness in civil and criminal procedures, as well as in public policymaking and over ‘process-heavy’ policy questions such as immigration. Third, and most nuanced, is what Hirschl describes as the judicialising of ‘mega-politics’. These are the substantive ‘political questions’ which define nations and polities at the most fundamental level, including: the scope of executive branch prerogative over economic policymaking, national security, superintending of electoral processes, judicial defining of issues from national identity to the very *raison d’être* of the polity, and so forth. It is in this latter facet of legalisation of politics, where courts decide ‘watershed political issues’ – including ones not directly addressed in constitutions – that sees non-majoritarian, ‘juristocracy’ most radically trump judicial review (Hirschl 2008: 98-9).

In our above treatment of changes experienced by liberal democracy in the period referred to as *consumerism*, we touched on rudiments of a ‘functionalist’ argument for legalisation of politics. This constitutes its expression of the enlarging policy and regulatory footprint of the welfare state and administrative ‘complexities’ of modern polities (Hirschl 2008: 95). Similarly, ‘rights discourse’ explanations of judicialisation capture the increasing opportunities that expanded legal mobilisation affords to groups and individuals suffering either underrepresentation or disenfranchisement in polities (Hirschl 2008: 96). Here, the ‘equal right’ to enjoy the mass consumption fete is extended to other areas. That is, during the ‘golden age’, law and courts increasingly became vehicles for advancing ethical concerns over issues like the rights of women and racial minorities to good education, jobs and so on – rights traditionally enjoyed by white males (Albritton 1991: 257, 261).

However, in the neoliberal era, the incantation of ‘there is no alternative’ to capitalism and ‘the market’ has been accompanied by similar chanting over democracy. Democracy, in the 1990s, was suddenly elevated into a prime empirical research area in university political science departments, as it was increasingly found on agendas of governments and international organisations. Yet, as this formal interest in democracy swelled, democracy was being fundamentally redefined in a way that saw judicialisation tending to overrun liberal democracy itself. While authors like Macpherson already shattered perceptions of political party systems and elections realising anything more than a limited popular sovereignty, the redefinition of democracy in play served to expunge its popular, electoral component in favour of emphasis placed upon its constitutional component. It is ‘not elections [...] that make for democracy, but rather the courts’ (Mair 2013: 7-11).

This extirpating of the popular component of contemporary democracy, according to Mair, has much to do with the failings of political parties. For example, the ‘elitist’ element of Macpherson’s liberal democracy model had become so exaggerated that it cultivated an unbridgeable gap between rulers and ruled, which populist parties have attempted to fill as the only choice beyond rule by the elitist ‘non-political expert’ (Mair 2013: 20). Moreover, notwithstanding perceived ‘competition’ between parties, there exists scant substantive ‘opposition’ on policy-based issues – in a sense, extrapolating to conclusion Macpherson’s grasp of the role of party systems as ‘blunting the edge of class conflict’. Meaningful opposition, it

is maintained, now erupts outside party politics in social movements, popular street protests and so on (Mair 2013: 68, 88).

Given the constitutive role political parties played in class-divided societies, it is important to offer some account of why they failed in the neoliberal era in a way ultimately hollowing-out liberal democracy. This is but a corollary of the hollowing-out of production-centred economies which had marked capitalism from its inception. A distinct international dimension of accumulation is always generated in each stage of capitalism. The hallmark of capital in the *liberalism* stage, however, has been the virtuous connect established by capital within its geospatial containers between profitmaking and production of basic goods that people need and want as its byproduct. It was initial bourgeois trepidation over the fact that expansion of the franchise could potentially threaten capitalist property, as such, that the party system helped assuage. Yet, as the integrated material infrastructure of capital has become disarticulated across the globe, and effective control over finance and sundry non-material property titles vested in an opaque offshore world (Hendrikse and Fernandez 2019), there is 'no alternative' that may readily be achieved by a party of whatever stripe getting its hands on the levers of government.

Hence, accepting Macpherson's admonition over electoral contestations driving ostensibly social class-based parties toward the 'centre', even those truncated polarisations have been superseded by a new 'non-partisan' 'politics of depoliticisation' (Mair 2013: 51). Elites have retreated to their role as public office managers, where they often pursue their own particularistic interests, as mass publics continue to disengage from participation (Mair 2013: 97-8). Through that disengagement, the latter also turn to their individual interests, as these have been interpellated by the powerful ideology of mass consumption as tantamount to their 'freedom'.

Notwithstanding neoliberal economic changes taking contestation over material affairs off the political table, the remaining semblance of 'issue' divides tends to unfold through courts. Examining the US case, Brown (2018) bemoans the marshalling of the US constitution and Supreme Court as a truncheon against those social gains that underrepresented groups eked out in the post WWII period. In terms of legalisation of politics, this arguably germinates in what Hirschl refers to as civil liberties jurisprudence, but extends into the realm of his mega-politics. Judicialisation makes this leap when it rules on 'private sphere',

constitutionally protected freedoms in a way that serves to answer such a substantive nation-defining, political question as ‘the Christianisation’ of public life in the US, emphasised by Brown (2018: 124-6). Yet, the very fact that Christian ire against minorities remains such an issue for neoliberalism is instructive. Brown rails against US President Trump for his ‘revenge’ philosophy, in this regard, as imbibed by his political base (Brown 2019: 178). However, with its strident claims for its policy package to reinvigorate ‘golden age’ mass public prosperity so overwhelmingly discredited, it is easy to read neoliberalism itself as a revenge philosophy over something its formative cabals could never get over. That is, liberalism, with its self-regulating market, coincides with only one stage of capitalism which history rapidly outpaces.

The new constitutionalism

In its basic incarnation, the new constitutionalism derives from similar factors as the judicialising of politics. Though neoliberal policy was implicated in the remaking of the world economy, it did not follow a carefully worked-out script. While global ruling classes soon came to accept the emergent neoliberal order for delivering wealth and property protection, they remained ‘risk-averse’ and, thus, sought further ‘insurance’ (Hirschl 2014: 97). The first dimension of such ‘insurance’ is what Gill refers to as ‘disciplinary neoliberalism’ and its counterpart ‘panopticonism’, which each operate to ‘lock in’ patterns of accumulation and flows of wealth established by neoliberal economic transmutations (Gill 2008: 137-8).

Its crucial test-case was the ‘disciplining’ of the non-developed world. Recall the extra-economic, extra-capitalist organising of economies in the stage of *consumerism*, with their ‘economic nationalist’ macroeconomic management of prosperity cocooned by a new international monetary system and set of supporting supranational institutions. The latter – including the United Nations (UN), World Bank (WB) and International Monetary Fund (IMF) – represented one of the most significant changes in the history of capitalism by demanding a modicum of policy compliance from member states (Frieden 2007: 259-60). Of course, at the outset of the ‘golden age’, the model of mass consumption society was applicable only to a select group of ‘free world’ advanced economies. Yet, a fantasy was offered to the decolonised, non-developed world: if they followed some

basic economic strictures, they would ‘modernise’ in a similar fashion. The problem here was that even as advanced economy prosperity unravelled in the 1970s, many non-developed states never gave up the ‘golden age’ dream and turned to the UN with a bid for support to create a new international economic order (NIEO). The perfect storm of festering crisis in advanced economies, along with frustrated ‘modernisation’ across the non-developed world, appeared sufficiently pregnant with potential challenges to the rule of capital that advanced economy ruling classes plotted a fightback. Neoliberal ideology suffused this plotting with the intention of repurposing existing supranational institutions and the spawning of new ones corresponding to its beliefs (Slobodian 2018: 259-62).

Importantly, the reset of banking and finance at the dawn of the neoliberal era was triggered by US commercial bank exposure to unrepayable debt, incurred by non-developed economies seeking to realise the ‘golden age’ dream.⁴ As their debts were securitised on secondary markets, desperately needed funds for suffering economies were tied to ‘conditionalities’ framed by the WB and IMF – themselves repurposed from ‘economic nationalist’ cocoons to institutional debt repayment enforcers. The ‘discipline’ entailed financial markets deciding where in the neoliberal global scheme these economies best fit – as primary good exporters, sites of extractivism or subproduct producers within global value chains.

Concomitantly, ‘panopticonism’ involves surveillance by holders of debt securities through the WB and IMF to ensure ‘credible’ government policies as per disciplinary neoliberal dictates (Westra 2012: 88-93). As the aforementioned financialisation-induced meltdowns ‘rotated’ across the globe, the same manoeuvres were applied, where advanced economy financial system exposure was covered by taxpayers with target debtors subjected to discipline and panopticonism. When financial meltdowns shook advanced economies in the Twenty-First Century, the now practiced discipline and panopticonism to prosecute austerity and exact ‘credible’ policies from governments ‘consistent’ with debt servicing, was applied to them (Gill 2008: 139).

⁴ Major US bank exposure reached levels it did because banks in the 1970s were awash in ‘petrodollars’, while real interest rates fell below the rate of inflation under the ‘stagflation’ conditions of the time. The lending and borrowing bonanza ended abruptly under Fed Chair, Paul Volcker’s, unilateral interest rate hike of the early 1980s, which rendered much global debt unrepayable.

A second dimension of ‘insurance’ bestowed by the new constitutionalism on the neoliberal world is the endowment of extraordinary ‘citizenship rights’ upon MNCs. This process transcends states rewriting laws to recognising matters like capital mobility, and the rights of capital against national expropriation and to extract resources. It allows capital to build on this rewritten state law protecting property to enact ‘private’ laws that realise a form of ‘private government’ where some rules exist beyond review by public bodies (Gill 2014: 37-8). Globally, this edifice is encased in a web of over 3200 bilateral and multilateral treaties sanctioning MNC investment practices (Westra 2019a: 225). The intensity of such ‘lock-in’ reregulation is evidenced by 1944 rule changes tracked by the UN across economies in the first decade of the Twenty-First Century, most supporting investor ‘freedoms’.

At its core, the goal of such protections is to protect international capital from any potential shift in government approach across policy areas concerning the macroeconomy, health, environmental sustainability and so forth, that might affect MNC profit expectations. Disputes over such agreements are adjudicated by quasi-judicial investment arbitration tribunals featuring corporate lawyers steeped in commercial and investment law (Schneiderman 2014: 165, 171-2). This logic has been codified, for example, in the proliferation of investor-state dispute settlement (ISDS) mechanisms in myriad free trade agreements and investment treaties. ISDS enables foreign investors to sue governments for damages in an international tribunal in response to changes in national law or policy they claim will harm their investment. More broadly, this global architecture of rules has ‘quasi-constitutional status’ in its subordination of the economic and political life of states, irrespective of domestic political regime type, to corporate power (Gill 2008: 167-8). Of course, to recalcitrant extractivist targets like Bolivia in recent years, there is also more direct interventionism or, as put by corporate oligarch Elon Musk, ‘we will coup whoever we want’ (Prashad and Bejarano 2020).

The third dimension of the new constitutionalism is the tendency toward relegating decision-making over defining economic and social questions to purportedly non-partisan elite experts. In this way, profoundly political questions, especially in times of major economic and societal crises, are pegged as ‘technical issues’ – the resolution of which fall outside bounds of democratic contestation (Gill 2014: 40-1). A contributing factor to the rise of populism and engine of ‘depoliticisation’, its neoliberal template is the doctrine of central bank independence. Each neoliberal bubble and

burst dynamic in advanced economies brought ‘big government’ taxpayer largesse to bailout a broadening spectrum of financial sector and MNC assets. The global financial meltdown of 2008 and its EU aftershocks in 2011 saw central bank, lender-of-last-resort guarantees provided to the shadow banking system. While there was evidence of a monstrous bubble readying to burst in 2019, bringing back central bank support for the shadow banking system with a vengeance, central bank responses to the COVID-19 epidemiological emergency in 2020 fired securities markets ‘on a moonshot’ (Noland 2020). The biblical 4.5 trillion dollars in the US alone also impelled central banks like the US Federal Reserve into new bailout territory. That involves guarantees to major asset managers holding securitised MNC debt which burgeoned exponentially over the past several years. Again, the devastating consequences for mass publics are predictable (Dayen 2020).

The state of exception

Conceptual grounding for the state of exception reaches back into the formative crafting of bourgeois constitutions. Within the ambit of Montesquieu’s doctrine of the separation of powers, the state of exception constitutes a ‘fail safe’ mechanism of sorts, embedded in democratic constitutions, to invest executive branches with untrammelled power in ‘exceptional’ circumstances. Its ambiguity resides in the fact that, whereas law and constitutionality are suspended by legal means in its application, activation of the legal suspension of law and constitutionality remains a political act decided by the ‘sovereign’ (Agamben 2005: 1-2). Interest in this obscure constitutional provision has mounted following the response to the events of September 11, 2001. It empowered then-President, George W. Bush, to revive and rejig an initially spurned omnibus legislative ‘*Crime*’ Bill from 1995 – instructively sponsored by Senator Joe Biden (US Congress 1995) – and pass it into law as the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism* or *USA Patriot Act* in 2001 (US Congress 2001). What was remarkable about promulgation of the *Patriot Act* is not simply that that it invokes the state of exception to empower the executive to legally override constitutionality and the rule of law. Rather, in contrast to previous implementations, which had limited durations and geospatial scope (as in civil war or foreign attack), the state of exception is now aimed

at an ‘enemy’ subject to constant redefinition in a global ‘war’ of unlimited duration (US Department of State 2001).

Justification by the *Act* of torture, secret detentions and so on, as well as its catalysing similar rule changes in allies such as Britain and the EU, has received abundant scholarly treatment (Paye 2007). Yet, the way the state of exception imbricates with judicialised depoliticisation, disciplinary neoliberalism and panopticonism to cement the authoritarian trifecta of neoliberalism is not clearly understood. The node at which it initially intersects with the foregoing is the way the crime of ‘terrorism’ is legally defined akin to that governing ‘criminal organisations’. This then brings to bear issues like ‘pre-emption’ (as in the charge of ‘conspiracy’), as well as extraordinary powers granted to police over surveillance, search-and-seizure and detention which, in turn, subordinates activities of judicial systems to ‘legalising’ proactive policing after the fact. What metastasises in the end is the domination of the exception over law, with such decisions effectively at the whim of executive power (Paye 2007: 188-94).

A case-in-point is that of the US Department of Homeland Security, which was created in the immediate aftermath of 9-11 with virtually no political opposition. Its essential mission is prevention of terrorist attacks within the US. Yet into the second decade of the Twenty-First Century, we find it preoccupied with ‘securing borders’ to ‘enforce immigration laws’ against Latin America (Anderson 2019). Subsequently, during the Obama/Biden administration, the Department of Homeland Security partnered with the duo’s new Countering Violent Extremism program to surreptitiously liaise with community healthcare and social workers, teachers and so on, as a means to ‘preemptively’ identify individuals – predominately in the Muslim community – open to vaguely-defined ‘radicalisation’ (Dandia 2020).⁵ This odious program – with counterparts elsewhere, like Britain – appears to fall within the initial Homeland Security mandate. Yet, it has rapidly morphed to incorporate ‘community policing’: deploying a ‘pre-emptive’ rationale by utilising ICT to detect ‘racially motivated violent extremism’ in black communities as the Black Lives Matter (BLM) movement has activated (Rizvi and Thompson 2020). As BLM protests erupted following the killing of George Floyd, the Department of Homeland Security dispatched its paramilitary unit from southern border

5 This was subsequently retrofitted by the Trump regime with the recent Targeted Violence and Terrorism Prevention program launched by the Department of Homeland Security.

enforcement operations to quell protests in US cities in a ‘national police force’ capacity (Chotiner 2020). That BLM protestors find themselves charged with ‘felony’ and ‘terrorism’ offences captures a disturbing trend of criminalisation of protests (Lacy 2020).

The broader significance of the foregoing resides in hollowed-out, substantively depoliticised polities, where states are ‘locked-in’ to governance formulas hatched on behalf of MNCs and financial markets. The only genuine opposition springs from street protests, social movements, ‘occupies’ and so forth. In the neoliberal dystopia, these are destined to become more fervid. Legal systems already contained strictures denying the political bent of social movements and referring their actions to criminal courts. However, under the permanent state of exception with its redefinable category of ‘terrorism’ and ‘terrorist’, all political opposition is open to criminalisation. This entails much more than the ‘disparaging’ of the ‘political’ (Brown 2019: 58). Rather, it *effaces* it by reversing the very relationship between civil society and government – even taking account of the limitations of its liberal democratic expression. Tyranny, to paraphrase Macpherson, is no longer averted by a ‘next election’. It is now the state or ‘government that [...] legitimises society, that forces the latter to conform to its model or, if necessary, criminalises it’ (Paye 2007: 252). It is this new ‘paradigm of government’, according to Agamben (2005), which has now supplanted liberal democracy.

Conclusion

To sum up, this article maintains that there is no necessary link between capitalism and a democratic superstructure. Even when democracy does take hold in advanced capitalist economies, it is always circumscribed in ways that ensure capitalist property and wealth remain unchallenged. Democracy also changed in the measures by which the foregoing is ensured, paralleling major transmutations in the form of accumulation across the stages of capitalist development. While promising renewed prosperity, neoliberal economic measures foster economic decay and new forms of finance-induced crises rotating around the globe. Yet, it locks in modes of government reregulation which perpetuates increasing inequality and predatory expropriation of social wealth.

To further insure the immutability of neoliberal policies and outcomes, three authoritarian tendencies are secreted by neoliberal polities. These are

the legalisation of politics, the new constitutionalism, and the state of exception. What this article demonstrates is that these tendencies differ from dictatorship or fascism, in that they are instated in erstwhile democracies under cover of constitutionality and the rule of law. This makes them far more insidious than direct authoritarian rule and mandates the attention to them as undertaken in this study.

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THE TWILIGHT OF FORMAL DEMOCRACY: CONTRADICTIONS OF ACCUMULATION AND THE POLITICAL CRISIS OF NEOLIBERALISM

Alison J. Ayers and Alfredo Saad-Filho

It has been widely, and aptly, noted that neoliberalism has often been productive of, and effected by, authoritarian, despotic, paramilitaristic or corrupt state forms, and that multiple methods, including state violence, have been deployed to sustain it (*cf.* Brown 2003; Klein 2007; Tansel 2017). Yet, we should not confuse general strategy with particular methods: the latter depend on historical phases, local circumstances, social forces and relations, state power, and so on. This has often implied the brutality of military rule. Equally, fiscal and external debt crises have also been used to justify (neoliberal) ‘structural reforms.’ Formal democratic regimes have also facilitated accumulation throughout the chequered history of neoliberalism. In neoliberal democracies, the greater legitimacy of the constitutional order, ‘electoral seduction’ and reconstituted subjectivities, have often helped to mobilise support for neoliberal rule (Dardot and Laval 2013: 6; Konings 2018; Ayers 2018). It is notable that, since at least the mid-1990s, most neoliberal countries are ‘democratic’, at least in the formal (procedural) sense; most non-democratic countries are not neoliberal; and most transitions to democracy, whether from military dictatorship, single-party rule, autocracy or Soviet-style socialism, have been coeval with transitions to neoliberalism. As such, at least until recently, ‘neoliberal democracy’ constituted the ‘ideal’ or ‘typical’ political form of neoliberalism (Ayers and Saad-Filho 2015).

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This approach to the relationship between formal democracy and neoliberalism echoes longstanding critiques of capitalist (bourgeois) democracy as ‘the best political shell for capitalism’ (Lenin 1917). Briefly, as a mode of exploitation, at its most abstract level, capitalism does not depend on political or legal inequalities. Rather, producing and appropriating classes are formally free and equal under the law, opening the possibility of a common citizenship and universal suffrage. Indeed, formal democracy with its ideology of freedom, equality and classlessness, can be an effective mechanism sustaining capitalist class relations (Wood 2006; Roper 2013; Ayers 2018). However, this highly circumscribed formal or procedural model of democracy constitutes the ideal political form only in times of relatively stable accumulation (Ayers and Saad-Filho 2015). In times of crisis, or when the established order is threatened, non-democratic modes of power tend to come to the fore:

[O]nce the system begins to disintegrate [...] [the bourgeois] commitment to democracy [...] emerges to be not axiomatic and eternal, but pragmatic and ephemeral. Since it is the economic system itself which is now at stake, all political measures needed to save it, including dictatorship, become legitimate (Knei-Paz 1978: 355).

Accordingly, since the 2007 Great Financial Crisis (GFC), we have witnessed a rising tide of authoritarianism around the world, including proto- and neo-fascist political forms, with the dominant political system in multiple countries increasingly losing its democratic features. Faced with the manifold crises of neoliberal accumulation and sociality, this article contends that the age of neoliberal democracy is coming to a close. Its democratic political shell is being increasingly hollowed out – unable to contain or withstand extant crises, or offer more than a semblance of legitimacy to the system. Significantly, such developments are not external but, rather, internal to the logic of neoliberal capitalism (Boffo *et al.* 2019).

We live in exceptional times. Critics have highlighted systemic crises of globalisation, democracy, the environment, and the COVID-19 pandemic (Gills 2020; Saad-Filho 2020). Although these entropic tendencies and other vectors of crisis have been driven by long-established patterns, it is crucial to understand why and how they have intensified recently (Foster 2011; Klein 2015). For example, the commodification and exploitation of nature and intensive industrial livestock production have been linked with pandemics, while ‘just-in-time’ production accelerates the global transmission of diseases (Levins 2000; Wallace *et al.* 2020; Moody 2020).

The expansion and intensification of neoliberal globalisation has intensified these mutually-constituted crises. In Gramscian terms, the crisis is organic, that is, ‘not merely [a] conjunctural disequilibrium’, but rather a confluence of disruptions at different levels, with the foundations of bourgeois hegemony increasingly coming into doubt (Thomas 2009: 145; Levenson 2020). Neoliberal capitalism is the pivot of these crises:

we are now in the midst of a planetary ecological catastrophe generated by capitalism [...] The imperial value/supply chains associated with neoliberal globalization are generating a gigantic bullwhip effect destabilizing economic, environmental, and epidemiological conditions around the globe (Foster 2020).

As such, our analysis foregrounds neoliberal capitalism, focusing on its unfolding economic and political crises.

Neoliberalism can be periodised, heuristically, into three broad phases. First, from 1979-1992, the ‘vanguard regimes’ of neoliberalism wrought the transition from previous systems of accumulation. This entailed the aggressive promotion of private capital through frontal attacks on labour movements and working class conditions, dismantling embedded social democratic institutions (‘roll-back’), and imposing myriad neoliberal reforms (Davidson 2017; Peck and Tickell 2002). This phase was generally imposed by confrontational regimes – from formally democratic systems (eg. the UK and USA) to military rule (eg. Argentina and Chile). Three longer-term developments ensued: an increased profit share for capital relative to labour, escalating working-class indebtedness, and the conversion of social democratic and liberal democratic parties to neoliberalism (Davidson 2017).

The ascent of these transformed centre-left parties heralded the second phase, from 1992-2007, with the consolidation and roll-out of what may be termed ‘social neoliberalism’. This phase emerged partly in response to the dysfunctions and adverse consequences of the first, bringing a more ameliorative element, marketed as the ‘third way’ or ‘neoliberalism with a human face’ (Davidson 2017; Boffo *et al.* 2019; Peck and Tickell 2002). In this phase, the benefits of the democratic political shell were widely recognised. As Alan Greenspan noted, to move forward, ‘[t]he global economy [...] requires capitalism’s safety valve: democracy’ (quoted in Davidson 2017: 621). But this was, of course, limited to a formal democratic system, emptied as far as possible of social content (Wood 2006; Ayers and Saad-Filho 2015; Ayers 2018).

The third phase, characterised by Davidson (2017) as ‘crisis regimes of permanent exception’, manifested with the GFC and the ensuing Great Recession. Although neoliberalism emerged to resolve the previous major crisis, in the 1970s, it has had no answer to the GFC, other than more of the same (Davidson 2017; McNally 2011). Ultimately, the crisis led to a renewal of ‘the hegemony of finance and the reimposition of radicalised economic, social and political ambitions disguised by the neoliberal orthodoxies of “free” markets and permanent austerity’, together with creeping economic stagnation (Boffo *et al.* 2019: 253). The COVID-19 pandemic and attendant lockdown have deepened the crisis and ushered in another leg of the global downturn (Roberts 2020a).

This article includes six sections. A short overview of neoliberal economies and societies is followed by analysis of neoliberal democracy, its key limitations and extant crisis, together with a critique of the current ‘states of exception’ and a short conclusion. The article shows that global neoliberalism is confronting overlapping and increasingly severe crises that build upon its strengths and achievements: transforming earlier systems of accumulation but, simultaneously, pushing against cracks and inconsistencies in its own hegemony in the domains of the economy, politics and ideology. Today, neoliberalism can increasingly sustain itself only by means of coercion and violence. This includes ‘fiscal austerity’, backed-up by punishing measures against the poor, the underprivileged, the neglected and the hard-to-reach, serve and provide for; alongside the escalation of repression against all forms of dissent, ranging from lynching-by-media to multiple forms of victimisation, interception of communications and intervention by the police, the military and security services, and so on. This punishing approach to social reproduction makes it harder to elicit political changes; in turn, it makes the system of accumulation harder to reform.

The article tracks the metamorphosis of neoliberal democracies into states of permanent exception – a threatening development for civil liberties, and menacing tool against proponents of radical social change and the reformist ‘middle ground’. It concludes that the degeneration of democracy must be confronted with the broadest possible alliances. Building alternatives to the dominant system of accumulation requires integrating economic and political demands into a positive programme for expanding and radicalising political and economic democracy.

Neoliberal economies and societies

Neoliberalism, understood as the contemporary mode of existence of capitalism, comprises a global system of accumulation, mode of social and economic reproduction, and mode of exploitation and social domination. These are based on the systematic use of state power to impose – under the ideological veil of non-intervention – a finance-driven project of recomposition of the rule of capital in all areas of social life. Neoliberalism emerged gradually, from the 1970s, in response to the problems of capitalist reproduction after the disarticulation of the Keynesian-social democratic consensus in the advanced economies (AEs), the paralysis of developmentalism in the developing economies (DEs), and the collapse of Soviet-style socialism (Fine and Saad-Filho 2017; Saad-Filho 2017).

The distinguishing feature of neoliberalism is the financialisation of production, exchange and social reproduction,¹ which has given finance a determining influence on levels and composition of investment, output and employment, the structure of demand, the financing of the state, and patterns of international specialisation. Financialisation has underpinned the transnationalisation of production and supported the liberalisation of trade, finance and capital flows – usually summarised as ‘globalisation’. This has recomposed the pre-existing systems of provision at a higher level of productivity at firm-level, reshaped the country-level integration of the world economy, and facilitated the introduction of new technologies and labour processes, while compressing real wages. Neoliberalism and financialisation have also contributed to a tighter integration of the domestic elites, while the working classes have been restructured globally.

Ideologically, neoliberalism has drawn upon a discourse based on two principles. First, it prioritises ‘competitiveness’ (and its corollary, ‘market efficiency’) in the economic domain. Second, it favours ‘democracy’ in the political domain, in the shallow sense of competition between shades of neoliberalism in a regulated political market (Ayers and Saad-Filho 2015).

Underpinning such conceptions is a specific notion of neoliberal subjects and their subjectivity, and a typical mode of governance of the public sphere (Foucault 2004; Feher 2009; Dardot and Laval 2013; Brown 2015). In this worldview, all economic agents – including consumers, workers,

¹ See, for example, Ashman and Fine (2013) and Fine (2013-14). For a historical overview, see Gowan (1999) and Panitch and Gindin (2012).

capitalists, managers, financiers, and the state itself – are expected to conduct themselves in ways that are compatible with the maximisation of the net present value of their assets through practices of entrepreneurialism, (self-)investment, and ‘attraction’ of potential investors. Reconfiguring human beings as ‘human capital’ has consequences not only for economic theory, but also for democratic institutions, cultures and imaginaries, since this individualist conception of self and society is incompatible with the notion of collective interests or the formulation of common demands for rights, minimum standards of welfare, and so on (Olsen 2019b). It follows that the neoliberal subject has no guarantee of security, protection, sustenance or even survival. By the same token, the non-market protections enacted by previous systems of accumulation – especially Keynesianism, developmentalism and Soviet-style socialism – must be systematically undone. That is, in both cases, a society of citizens founded on some perception of the (non-market) public good is displaced by a neoliberal collection of maximising firms and *homo oeconomicus*, which is incompatible with the very idea of a *demos* entitled to assert collective sovereignty (Brown 2015).

The technological, economic, institutional and ideological changes under neoliberalism have profoundly impacted labour and employment, as well as patterns of social reproduction and community life. In particular, they have impoverished, dispossessed, displaced and indebted millions, creating myriad economic ‘losers’ centred, in the AEs, on the traditional working class and petty bourgeoisie. Millions of skilled jobs were eliminated, entire professions vanished or were exported, and employment opportunities in the public sector worsened because of privatisations and ‘retrenchment’. Job stability declined, and pay, conditions and welfare protections deteriorated, enhancing the stresses of overwork.

As the *World Inequality Report* details, since the 1980s, the top 1 percent earners have captured twice as much growth in global income as the poorest 50 percent of individuals (Alvaredo *et al.* 2018). Around the world, workers have tended to become increasingly divided, disorganised, disempowered and deskilled, falling ever further behind capital in political influence as well as wage shares (Boffo *et al.* 2019; Bengtsson and Ryner 2015). Allied to such developments is the psychosocial damage, especially individual anxiety and insecurity. At the level of class, this has also been coterminous with a sharp decline in the organisational capacities of labour, through sustained attacks on all forms of resistance, leading to the paralysis, disorganisation and defeat of most nationalist movements in the

Global South, trade unions, peasant movements, left parties and social movements (Clua-Losada and Ribera-Almandoz 2017). Finally, such developments have been buttressed by the ideological hegemony of a bogus, but vociferous, ‘free market’ capitalism.

In some of the wealthiest countries, formerly privileged social strata now lament their inability to realise the material aspirations mandated by the consumption-oriented cultures of neoliberalism. They are also unable to bequeath improved material circumstances to their offspring, breaking a generational contract of continuous improvement (‘our children will do better than us’) that had helped to legitimise capitalism since the 18th Century (Boffo *et al.* 2019; Boyle 2013; Roediger 2020).

In contrast with the declining fortunes of the vast majority, capital has been able to enjoy extraordinarily favourable circumstances under neoliberalism, leading to a sharp recovery of profitability. Nevertheless, rates of investment and GDP growth have tended to decline. Further, accumulation has taken the form of short-lived finance-driven bubbles that are parasitical upon the enhanced exploitation of workers (through the restructuring of production and expansion of precarious forms of labour, culminating in the ‘gig economy’), exactions from the periphery (via unequal trade, financial extractions, rents, and so on), and the plunder of nature. These bubbles inevitably collapse with destructive implications, and their containment invariably requires expensive state intervention. This has been manifest in events ranging from the international debt crisis of the early 1980s to the GFC, which led to the longest calamity and weakest, most regressive recovery on record – until the even greater socio-economic catastrophe unleashed by the COVID-19 pandemic in 2020 (Saad-Filho 2020; Tcherneva 2015).

The rise of neoliberal democracy

Politically, there are multiple paths of transition to neoliberalism. They range from constitutional means in most AEs, to imposition by military dictatorships in several DEs, to mutually-reinforcing transitions to neoliberalism and bourgeois democracy in Brazil, South Africa, South Korea and across Eastern Europe. Whatever the path taken, by the 1990s, what may be called ‘neoliberal democracy’ had become the typical, or hegemonic, political form of capitalism (examined in detail in Ayers and Saad-Filho 2015). This form of democracy is different from the limited

democracies in the ‘core’ countries before World War I, social-democratic compact in the AEs after World War II, or other previous political forms which achieved either limited prominence or only regional hegemony.

Typically, neoliberal democracies espouse constitutionalism, the rule of law and a specific conception of human rights, political pluralism and the periodic election of political representatives via multiparty elections, ‘good governance’, a ‘market economy’, and an ‘independent’ civil society. This model embodies an individualist, formally egalitarian, capitalist, meliorist and universalist conception of self and society. In these regimes, political community is understood in terms of nation-states, constituted by the neoliberal ‘neutral’ state, the neoliberal public sphere, and the neoliberal individual (‘self’). This view underpins a procedural model of democracy that has been functionally articulated with neoliberalism (Ayers and Saad-Filho 2015).

In practice, the political process in neoliberal democracies tends to narrow down into periodic calls to the ballot box to choose between rival shades of neoliberalism in what is, effectively, a political market regulated by neoliberal ideology, the mainstream media and the law. Elections were only the visible part of a much broader institutional framework which systematically insulated economic decisions from potential ‘interference’ by the majority. In other words, the institutional consolidation of neoliberalism turned political democracy into an ancillary tool securing the reproduction of economic inequality and the hegemony of finance. At a further remove, economic policy is both imposed and monitored by transnationalised financial institutions, the stock market and the mainstream media, whose self-serving opinions can shift asset values easily and dramatically. Their authority is underpinned by a judicial system tasked with enforcing neoliberal jurisprudence (Purdy 2012; Brown 2015).

In this way, neoliberalism imposed discipline upon key social agents, with the workers at the forefront, but also capital, the state, and even finance itself, with a growing intolerance to dissent. Not only were the resource allocation functions previously performed by the state transferred to finance, but neoliberalism itself was locked into place, with this rigid institutional framework making it virtually impossible to shift the system of accumulation. In the meantime, the changes imposed by neoliberalism created large numbers of economic ‘losers’, and eroded most forms of collective representation and working class sociability: left parties and supporting organisations, trade unions, community organisations, clubs,

and so on lost their traditional social base and *raison d'être*. At the same time, changes in social structures, institutions and the law reduced the scope for legitimate opposition and curtailed the space for neoliberal states, societies and political systems to shape policy within their own borders, and find negotiated solutions to the contradictions, limitations and crises of neoliberalism (Boffo *et al.* 2019; Streeck 2014).

Although these outcomes can support the reproduction of neoliberalism in the short term, they unavoidably fostered political apathy and anomie. That is, while the evacuation of the political sphere rendered the 'losers' increasingly unable to resist neoliberalism, demand changes of trajectory or even conceptualise alternatives, it also reduced their interest and engagement in the political reproduction of the system of accumulation. This, in turn, has had adverse implications for the stability of neoliberalism. At the same time, there is a growing crisis in capitalist statehood, as states confront the contradictions between their need for political legitimacy and the demands of global accumulation within their jurisdictions. Consequently, 'states around the world have been experiencing spiralling crises of legitimacy that generate a bewildering and seemingly contradictory politics of crisis management that appears as schizophrenic in the literal sense of conflicting or inconsistent elements' (Robinson 2019: 176; see also Davidson and Saull 2017).

The hegemony of neoliberalism in state institutions, the mainstream media and conventional discourse drove the 'losers' to view their predicament through a combination of 'common sense' and elementary neoclassical economics. This led to a growing prominence of individualism in public discourse, at several levels. First, social problems have been interpreted through the prism of ethical conflicts between 'good' (honest) and 'bad' (dishonest) individuals, who may be crooked by nature, choice, or because of the adverse incentives created by public policy. Second, the malfunctioning, distortions and perversities of public policy has been attributed to the corruption of 'the politicians'. Third, the state is assumed to work against the 'losers'; instead, –offering privileged treatment to all manner of groups claiming 'disadvantages' at the expense of the national interest. Thus in this moral universe, there are no classes, systemic relations of exploitation or structures reproducing inequality. Instead, the 'losers' must defend themselves against aggressive interlopers: politicians stealing 'their' money; women, gays and undeserving others claiming 'their' traditional roles in society; immigrants crowding them out of 'their' houses and hospitals; distant countries stealing 'their' jobs, and so on, in a

litany of woes that *must* account for the miseries of hardworking native-born peoples who are being swindled by opportunistic ‘others’.

Given the disarticulation of the left in the transition to neoliberalism, these dissatisfactions tend to foster conservative demands for the restoration of privileges, veiled by a commonsensical discourse centred on moral values, justice, level-playing fields, traditional rights, respect, and calls for honesty in public life. *Nationalism* and *racism* (drawing upon presumably shared values and background) offer a readily available framework to articulate these narratives, reaffirming the innate virtues of the ‘losers’, their links with the privileged, and their victimisation by ‘outsiders’ aided and abetted by the state. In the meantime, the political economic implications of trade agreements, gender policies, immigration policies and so on, in weakening the working class and disarticulating opposition to neoliberalism, are effectively veiled.

The limitations of neoliberal democracy

The limitations, tensions and contradictions of neoliberal democracy are located at five levels. First, central to capitalist democracy is the separation between the ‘economic’ and ‘political’ spheres peculiar to this mode of production, each having their own type of power relations (Wood 1981, 1995). Production takes place in privately-owned workplaces where capitalists control labour through their hired agents, while the exploitative relationship between producing and appropriating classes is mediated by impersonal, or market-based, ‘economic’ compulsions. In contrast, civic life takes place overtly in isolation from the economy, being regulated by an ‘independent’ state wherein, in principle, each individual can be equally represented as a ‘citizen’. As such, ‘[b]oth capital and labour can have democratic rights in the political sphere without completely transforming the relation between them in a separate economic sphere; and much of life is determined in that economic sphere, outside the reach of democratic accountability’ (Wood 2006: 11).

Where it exists, capitalist democracy must shelter the economic sphere from democratic power itself, leaving ‘untouched the whole new sphere of domination and coercion created by capitalism, its relocation of substantial powers from the state to civil society, to private property and the compulsions of the market’ (Wood 1995: 234). The ‘much of life’ directly determined by the economic sphere has expanded significantly under

neoliberalism, for example through the commodification and privatisation of a wide range of goods and services:

Public transport, education, health care, social services, scientific research, telecommunications, broadcasting, publishing, pensions, foreign aid, land use, water, the public infrastructure, the arts, and public policy-making itself [...] all become subject to market driven policy-making in the name of ‘efficiency’, and are treated more and more as fields for profitable private investment rather than as means to a better society (Leys 2008: 2).

This has direct implications for democracy, since ‘votes’ in the marketplace are not equally distributed, resulting in the disempowerment of the poor and middle strata vis-à-vis capital, when compared to the relations of class power in post-war social-democracy (Olsen 2019b; Monbiot 2016).

Second, since democratic regimes recognise the basic rights of citizens, including the right to vote, they have a degree of political legitimacy which can be used to justify the rollout of neoliberal policies that, inevitably, concentrate political, economic and media power. Neoliberalism has also garnered support through the notion that the state is intrinsically inefficient and unable to deliver social priorities. Conversely, the market offers a ‘rational’ mode of representation of the consumer-citizen and an efficient form of mediation of sociopolitical processes, unbounded by fickle majorities and opportunistic coalitions. In contrasting choices in the marketplace and at the ballot box, neoliberals not only portray sovereign consumers as the key agents driving economic and political activity, but also construe day-to-day ‘voting’ in the marketplace as the instantiation of individual representation and participation in society (Olsen 2019a). The meaning and practice of democracy are, then, recast in an economic idiom: ‘inclusion inverts into competition, equality into inequality, freedom into deregulated marketplaces, and popular sovereignty is nowhere to be found’ (Brown 2015: 40, 42). A lethal dynamic is, thereby, set in motion against social solidarity and the basic equality of status, condition, treatment and protection, on which the notion of democracy ultimately depends: ‘equality ceases to be an *a priori* or fundamental of neoliberalized democracy [...] [i]n legislation, jurisprudence, and the popular imaginary, inequality becomes normal, even normative’ (Brown 2015: 38; Leys 2008). The corrosion of civic equalities by creeping economic inequality can undermine the legitimacy of neoliberalism, inevitably leading to an increasingly polarised politics (Ayers and Mujanovic 2009).

Third, in remaking the institutional structure of both state and economy, neoliberalism has engendered specific forms of corruption. For example, it has fostered revolving doors between business, politics, the civil service, the media, unelected advisors, the police and the military, as well as widespread electoral irregularities and chicanery, from voter suppression to breaches of electoral spending limits (Whyte 2015; Wiegatz and Whyte 2016; Crouch 2016). Ultimately a ‘pay-to-play political system’ allows moneyed and corporate interests to more-or-less buy politicians and elections, further demoralising democracy – both ideologically and in practice (Alexander 2020; Monbiot 2020; Palast 2003).

Fourth, the expansion and growing impermeability of the economic domain under neoliberalism, and the concentration of economic and political power, derive from the shift in class relations under this system of accumulation. They also stem from its transformation of structures of production and exchange, including the imperative to secure international competitiveness according to the parameters set by global finance and the US-led ‘international community’. These features of neoliberalism directly constrain policy space. However, there is an inherent tension in the instrumentalisation of an *inclusive* political system to support an *excluding* system of accumulation. As the remit of the public sector was evacuated, multiple aspects of life became immune to democratic accountability, with political life approximating what Crouch (2020) terms a ‘post-democratic’ condition in which the institutions of democracy persist, but drained of vital energy and relevance.

Fifth, imperialism, in its various guises (including today’s neo-colonialism and informal imperialism) has served to forge, sustain and curtail modern democracies (Ayers 2018). Imperialism supports strategic social and political objectives within the metropole by helping produce, demarcate, legitimise and stabilise the ‘national interest’. This accords these states legitimacy to impose their ruling class interests abroad, and delimit rights to citizenship and solidarity domestically – with particularly destructive consequences in the global periphery. Thus, ‘democracy’s universalist and inclusionary claims are always bound up in colonial exclusionary practices that are implemented through the deployment of violence’ (Gordon 2010).

Whilst these outcomes can be advantageous for neoliberalism in the short term, as explained above, they have also undermined its legitimacy – even if not (yet) its hold on the imaginary. This tension was aggravated by the loss of perceived alternatives with the collapse of national liberation

movements in the South, the breakup of the USSR, pro-capitalist economic transformations in China, and the demise of revolutionary left parties in most countries. With traditional parties, leaders and organisations increasingly distrusted because of their demonstrable inefficacy and widespread perceptions of corruption, the avenues for effective dissent, the scope for collective action and capacity to conceptualise progressive alternatives were drastically reduced (Ayers and Saad-Filho 2015).

The signs became increasingly ominous since, at least, the late 1980s. Around the world, as neoliberalism consolidated itself, centre-left and centre-right parties haemorrhaged support, and voter enthusiasm and turnout ebbed. As parties of the right and erstwhile left converged around neoliberal policies, disempowerment morphed into disenfranchisement, fuelling a crisis of representation and sapping the neoliberal claim of 'freedom of choice' in the political domain (Monbiot 2016; Levenson 2020). The consolidation of neoliberal democracies eventually undermined their own foundations: structures of representation became unresponsive, class-based collectivities lost relevance, public policy became increasingly hostile to the majority, and cash-poor individuals were represented by the media and the state as either failures or crooks, undermining social cohesion. The realisation dawned that even if neoliberal democracies remain formally inclusionary, they are exclusionary at the levels of the economy and human freedom; that is, they are substantively hollow.

Given the social, institutional and political changes imposed by neoliberalism, the search for new forms of mass political engagement increasingly tended to focus on solutions outside conventional politics (because it is demonstrably ineffective), based on intransigent campaigns (because it is necessary to push harder to elicit responses from a rigid system), and the projection of agency upon high-performance 'leaders' (since the institutions of collective action have been disabled). Political activity along these lines courts destabilising but not transformative implications for the system of accumulation. In this sense, the hegemony of neoliberalism and the (closely-related) economic, social and political degradation of the working class have structurally destabilised neoliberal democracy; however, they have also limited the scope for alternatives.

The crisis of neoliberal democracy

The GFC can be traced back to the accelerated financialisation of the global economy, centred in the USA,² and revealed the distortions and dysfunctions in neoliberalism itself. In the AEs, the policies introduced in the wake of the GFC were symptomatic of the hegemony of finance. Specifically, they centred on rescuing the financial system above all else, while the extraordinarily expensive rescue of some of the largest banks in the world through targeted bail-outs, emergency asset purchases and Quantitative Easing (QE) was claimed to be in the general interest – allegedly to avoid even worse outcomes should they fail. At a later stage, ‘fiscal austerity’ was presented as being essential to stabilise the public balance sheet given the expenditures in the previous period. ‘Austerity’ served to advance the neoliberal agenda on a wide front through more regressive taxation, lower transfers and the expanded commodification of social reproduction (Albo and Fanelli 2014). It also neutralised the claim that, since finance could be saved by state intervention, the same should be done in housing, health, transport, and other public services.

The GFC and its aftermath opened the third phase of neoliberalism, distinguished by the imperative to manage the consequences of the crisis in a context of faltering ideological hegemony. This arose from the pervasive realisation of the enormity of the shock; the huge costs of saving finance; the increasing awareness that neoliberalism had concentrated income and wealth, imposed unpopular patterns of employment and failed to deliver rapid and stable accumulation; and realisation of the hollowing out of (formal) democracy. The policies imposed in the wake of the GFC also contributed to the loss of economic dynamism in the AEs. Simultaneously, the inability of neoliberal states to address the concerns of the ‘losers’ reinforced the perception of loss of efficacy of previously entrenched policies, practices, parties and leaders.

The crisis of neoliberal democracy became apparent when elected governments were arbitrarily replaced by so-called non-party technocrats (in reality, experienced political operators committed to the status quo) in the Eurozone periphery (Cyprus, Greece, Italy). Subsequently, an administration elected for its non-mainstream approach was forced to

² See, for example, Evans (2015), Panitch *et al.* (2010), McNally (2011), Mirowski (2013), and Saad-Filho (2008, 2011).

betray its promises (Greece). The malaise eventually reached the ‘core’ NATO countries when Brexit prevailed in the UK and Donald Trump was elected in the USA. In France, Marine Le Pen reached the second round of the Presidential elections, which were won by Emmanuel Macron, a ‘new’ politician firmly aligned with neoliberalism. Nativist populism expanded in Austria, Switzerland and Scandinavia and, in Eastern Europe, far-right politicians thrived on the basis of exclusion and xenophobia. Meanwhile, in the Global South, authoritarian leaders won elections by fair means or foul (Argentina, India, the Philippines, Russia, Turkey), while dissenting governments were discarded (Brazil, Egypt, Honduras, Paraguay and Thailand, with strong pressures against Nicaragua and Venezuela).

These were *developments* within, rather than deviations from, or rejections of, neoliberal democracy. In these challenging circumstances, the stabilisation of neoliberal rule has required coercive and repressive forms of rule (Bruff 2014; Tansel 2017; Boffo *et al.* 2019). That is, the escalation of authoritarianism is not due to the mere displacement of an older generation of neoliberal-but-democratic politicians by a horde of authoritarians who happen to be neoliberal. Instead, authoritarian practices were implemented by neoliberal leaders old and new, increasingly fronting right-wing forces while, also, vouching to confront the neoliberal state, finance, globalisation, the elites, foreigners and so on, in order to garner support of the ‘losers.’

Gradually, the economic, social and political crises in neoliberalism ushered in ‘states of exception’ aiming to sustain the system of accumulation (Davidson 2017). These generally (but neither always nor necessarily) remain attached to formally democratic practices – keeping in-place notional political pluralism and regular elections while, simultaneously, being fronted by strident and aggressive leaders pushing against constitutional rules that often eased their path to power. These outcomes are dramatic but, also, unstable, because the regressive implications of neoliberalism foster recurrent doubts, localised opposition and occasional revolts, ranging from seething dissatisfaction to full-blown rebellion. In order to navigate these challenges, the state must deploy shifting combinations of demand-boosting policies, propaganda, conciliatory gestures, electoral fraud, new systems of control and political repression. Hence, the systematic escalation in the policing of all forms of

dissent, across individual privacy, civil liberties and collective action, especially post 9/11 (Robinson 2014, 2019; Wood 2015).³

Taming the alienation and revolt of the ‘losers’ has proven to be difficult. Their concerns had been systematically ignored, and their resentments, fears, hopes, and feelings of alienation and anger had been captured by the mainstream media, and dislocated towards ethical conflicts between ‘insiders’ and ‘outsiders’, along with those between ‘good’ and ‘bad’ individuals, and frequently explained by reference to the ‘undue privileges’ accorded by the state to selected claimants (see above). Long-term consequences include the delegitimation of politics, the build-up of alienation and anomie, and – given the destruction of the left – the opening of spaces for the far-right. As the systemic shortcomings of neoliberalism are dislocated towards (individual and country-level) dishonesty and corruption, the failings of the system of accumulation were effectively concealed in a fog of scandalous headlines.

The mobilisation of discontent by the far-right was facilitated by the loss of a sense of collectivity and agency based on shared material circumstances, and the closely related erosion of working-class cultures and political capacities.⁴ Consequently, the ‘losers’ can recognise the damage inflicted by neoliberalism and distrust its political dysfunctionality. Yet, they are misled into blaming groups at the bottom of society for the disasters inflicted by neoliberalism. These political views are intrinsically destructive, as they tend to fragment ‘the people’. They are tempered by a convergence of interests around rejecting corruption, which offers the only legitimate form of political opposition within neoliberalism; instead, supporting nationalism as the only permissible form of collectivity. They seem to offer ‘the people’ a way to respond to real injuries while, simultaneously, reaffirming their own virtues.

These oppositions are being used to support reactionary programmes justified by appeals to common sense, and fronted by supposedly ‘strong’ leaders who can talk ‘honestly’ and ‘get things done’ by force of will. Their personal strength of character is perceived to be essential to bulldoze away the entrenched interests, corrupt politicians, selfish civil servants and

3 For example, over the past four decades, the cost of policing in the US has spiralled. In most cities, spending on the police is disproportionately large; US\$1.8bn in Los Angeles, for instance, which is more than half the city’s general fund (Schrader 2019; West 2020).

4 A parallel process is described by Karl Marx in the *Eighteenth Brumaire of Louis Bonaparte*.

captured institutions that undermine ‘our’ nation and harm ‘our’ people. As such, authoritarian neoliberalism is neither a transitory blip that will inevitably lead to the restoration of ‘normal’ politics, nor a marker of the ‘end of neoliberalism’. Rather, it is a symptom of the decomposition of neoliberal democracy, an outcome of the crisis of restructured economies, political systems and institutions of representation under neoliberalism, and evidence that mass discontent has been seized upon by the far-right.

The policies implemented by authoritarian neoliberal leaders hurt their own mass base. Inevitably, frustration intensifies, feeding unfocused discontent and an increasingly bitter politics of resentment that may not be contained by the weakened institutions of neoliberal democracy. The inevitable conclusion is that authoritarian neoliberalism is intrinsically unstable, and heralds ‘states of exception’ that open spaces for modern forms of fascism.

‘States of exception’

Whereas previous systemic (organic) crises have ushered-in major restructuring and conditions for a new phase of accumulation, this was not the case with the GFC. Instead, the global economy entered a radicalised phase of neoliberalism, despite its inability to realise any form of shared prosperity, and notwithstanding the impending threats to life itself through the environmental crisis. At an immediate level, the systemic crisis and ensuing decade of austerity have accelerated processes of fragmentation and decline through creeping economic slowdown, stagnation of real wages, worsening job prospects, cuts to social security and public services, and rising inequality (Roberts 2016, 2020b). This suggests that the system of accumulation has become parasitical upon the plunder of nature, heightened extractions from the periphery and the intensified exploitation of labour, undergirded by increasingly repressive systems of social control. In sum, neoliberalism has been unable to resolve the crisis of accumulation, and it has no strategy for restoring economic dynamism or for improving the living conditions of the vast majority.

Politically, the atrophication of neoliberal democracy, the atomisation of society, rising inequality and insecurity, and the weakening of the labour movement and progressive left – together with the continuing ideological hegemony of neoliberalism – have fostered new forms of ‘exceptional states’ (Johal 2020; Davidson 2017). These authoritarian governments and

the emergence of right-wing-populism and proto- and neo-fascist forces have mainstreamed far-right influence. Under mounting pressure, the centre-right and the centre-left have often adopted racially-coded themes, such as ‘getting tough’ on immigration, crime and welfare dependence, and collaborated in rollback non-market protections secured by workers in previous phases of capitalism. Significantly, the right and far-right have been increasingly able to frame the narrative in a cultural rather than ‘economic’ register (Crouch 2019): peddling a nationalist, xenophobic and populist politics which obscures the class dynamics of neoliberalism. Evidently, the ‘depoliticising of economics leads to the politicising of everything else’ (Marsdal 2013, in Davidson and Saull 2019: 717).

Characteristic of emerging authoritarian states are ever-increasing levels of repression, coercion and social control. These processes ensue as ‘states of exception’ seek to address the crisis of accumulation whilst managing attendant political and social conditions, including fear that crisis may engender uncontrollable revolt. Such developments have been aptly characterised by Robinson (2019) as ‘militarised accumulation’ or ‘accumulation by repression.’ Across North America and Europe, this is evident in the expanding prison-industrial-military complexes, pervasive, often paramilitarised policing, technologically-advanced surveillance systems and crowd control techniques, heavy policing of communities of colour and working-class youth, and specious wars on drugs and ‘terrorism’. It has also been manifest in de facto wars on immigrants and refugees through border-keeping – whether through Fortress Europe’s policing of the Mediterranean, or Fortress America’s border walls – together with anti-immigrant legislation, detention centres and deportation regimes, as well as criminalisation of dissent. In turn, a ‘new militarism’ has witnessed the augmentation of the global military arsenal, with the US at the forefront – its 800 bases in over 70 countries ‘policing the world in the interests of (predominantly US) capital’ (Wood 2005: 129; Dahl 2020). Central to such states of exception has been the Schmittian concern with political community, focusing on who belongs to ‘the people’. From this point of view, the people’s identity is determined through the distinction between ‘us and them’, or between ‘friends and enemies’ (Springer 2012). This ultra-nationalist worldview leads to the dehumanisation and targeting of rival groups, with the enemy being construed either as ‘external’, such as migrants, asylum seekers, radical Islam, China, or the European Union; or ‘internal’, in the case of ethnic minorities, the indigent, single parents, people with disabilities, ‘antifa’ and the Black Lives Matter movement in

the USA, lower castes in India, the darker-skinned and disproportionately impoverished population in Brazil, and so on. In all cases, this ‘violently toxic mix of reactionary nationalism and racism’ (Robinson 2019: 169) pivots on the psychosocial mechanism of attributing to ‘the other’ responsibility for the systemic crisis, and displacing fear and anxiety onto scapegoated communities (Foster 2020).

Neoliberalism’s regime of power and form of social existence has been characterised by tension, turmoil and insecurity. The social disorientation associated with long-term economic decimation, social fragmentation, and the devastation of erstwhile values, ways of life and forms of belonging, has created a fertile ground for the rise of all kinds of aggressive self-assertions – whether national, racial, ethnic and/or religious, and routinely inflected by hyper-masculinity, misogyny and homophobia. These self-assertions can function as a ‘form of consolation [...] whose affirmations (the more negative forms of identity politics) are a balm for social despair’ (Vanaik 2009: 141). The far-right, in its myriad forms, has been adept at tapping into these sources of insecurity, despair and alienation. Indeed, in times of crisis, when the present is experienced as unsatisfactory and the future looks bleak, an idealised and mythical past can provide a sense of security and beacon of hope (Vanaik 2009). For many, appeals to ‘blood and nation’ may appear as the only feasible form of collectivity available, particularly in a context where systemic alternatives to capitalism have apparently collapsed (Davidson and Saull 2017: 711).

In this context, crises in neoliberalism have fostered the personalisation of politics and emergence of ‘spectacular’ leaders untethered by stabilising institutions such as party structures, constitutional checks and balances, trade unions, social movements and the law. Through sheer demagoguery, they cultivate a politics of resentment that appeals to ‘common sense’, but have neither the tools nor intention of addressing the causes of widespread dissatisfaction and despair. Rather, these leaders are strongly committed to both neoliberalism and the expansion of their own personal power. Although they stridently campaign against specific facets or consequences of neoliberalism, when they reach power they invariably implement policies intensifying neoliberalism and financialisation while attacking all forms of opposition and rendering ever more power to the neoliberal elite, under the veil of nationalism and a more-or-less explicit racism.

Unavoidably, these policy agendas harm their own political base. Society is further divided, wages decline, taxes become more regressive, social

protections are eroded, economies become more unbalanced, and poverty increases. Mass frustration intensifies, feeding unfocused discontent which the ‘leaders’ navigate by fostering new resentments and triggering more conflicts. They cannot stop or their popularity declines, since they cannot resolve actual problems: they can only perform – see, for example, the striking cases of Donald Trump, Boris Johnson, Narendra Modi and Jair Bolsonaro in the USA, UK, India and Brazil, respectively. More generally, the politics of crisis management under authoritarian neoliberalism operates through the manipulation of sectional (exclusionary) resentments, aiming to intensify economic exploitation and political oppression both within and between countries. The ensuing social divisions are contained by selective forms of nationalism, racism and violence, often deployed by means of right-wing populist political practices. It follows that authoritarian neoliberalism is intrinsically unstable and its dynamics will, perhaps unintentionally, offer increasing prominence and scope to the emergence of modern forms of fascism.

Through their support for ‘social neoliberalism’ and vicious anti-leftism, liberals and some sections of social democracy have failed to comprehend the long journey of many from the disenfranchised, alienated and insecure working classes and middle strata towards the far-right fold. Accompanied by much hand-wringing and incredulity, ‘progressive’ explanations have often reproached those who have lost-out for a putative cognitive impairment, moral failure, or both. Largely absent from this worldview is an understanding that such individuals and communities are responding, however incoherently, to their experiences of the global economic downturn and its manifold political and social crises:

After decades in which nominal working-class parties clearly represented capital more effectively than labor, workers around the globe have turned to nationalist populists. For all their proto-fascist tendencies, at least these leaders are able to successfully appeal to working-class interests, even if only in rhetoric (Levenson 2020).

In the UK, for example, the liberal intelligentsia were mostly shocked and incredulous at the Brexit result. Yet, as Winlow *et al.* (2017: 201) have documented, not so anyone with any recent first-hand experience of ‘the old working class’s precarious existence’, the ‘hardening attitudes’ and ‘festering sores and open wounds of those sections of British society that had suffered the worst effects of neoliberal restructuring’:

[W]hen you’re plagued by debt, and when your job is insecure and poorly paid. If you don’t know how you’ll pay the rent next month, or

how you'll afford to feed your family, optimism recedes and darker emotions come to the fore (Winlow *et al.* 2017: 202).

In summary, the rise of these 'states of exception' is symptomatic of the hollowing out of neoliberal democracy, an indirect consequence of 'restructured' economies and polities, widespread popular alienation from the political system and institutions of representation, and capture of mass discontent by the far-right (Gandesha 2020). Authoritarian neoliberalism, as the modality of these 'states of exception' typical of the post-GFC phase of neoliberalism, is neither transitory, nor an indication of the 'end of neoliberalism'. Instead, it signals developments within neoliberalism itself, with the emergence and potential consolidation of new hegemonic blocs under the leadership of the far-right (Robinson 2019). The escalation of authoritarianism has emerged from within the apparatus of the state, as the only means of sustaining the system of accumulation in the face of the manifold economic, social and political crises of neoliberalism. That is, states of exception do not arise as exogenous distortions of the state, but as incubated expressions of it, at times of crisis; despite their anti-systemic rhetoric, they are extensions of the neoliberal capitalist state, not its negation. For a meaningful antagonism to the neoliberal state and capital, we need to look again to socialism.

Conclusion

We live in a deeply polarised and dangerous historical moment. A hard-right outcome to the crisis of neoliberal capitalism is not inevitable. Yet, neither will neoliberalism necessarily collapse under its own contradictions, nor its failure foster progressive alternatives spontaneously. An organic or systemic crisis, by definition, means concentrated change. But what change, how, and to what purpose, is contingent on the struggle among social and political forces.⁵ As Marx (1956) argued in *The Holy Family*:

History does nothing, it 'possesses no immense wealth', it 'wages no battles'. It is people, real, living people who do all that, who possess and fight; 'history' is not, as it were, a person apart, using humanity as a means to achieve its own aims; history is nothing but the activity of humanity pursuing its aims.

⁵ Adapted from Kevin Ovenden (2020, personal communication).

The outcome of the crisis of neoliberal capitalism will be determined by ‘the activity of humanity pursuing its aims’. That is a conflicted and polarised humanity, comprising classes, fractions, states, parties, international institutions, armies, movements, militias, and so on, pitting an insurgent left and popular forces against an emboldened authoritarian right, including neo-fascist elements within and around the state.

At a time of exception, with manifold crises threatening the future of civilisation, the existing order is rendered increasingly open to question. Building alternatives to the dominant system of accumulation requires integrating economic and political demands into a positive programme for expanding and radicalising political and economic democracy. It also entails revealing the complementarities between democracy and socialism, and incompatibility between capitalism and democracy. These demands can be driven forward only by a politically re-articulated working class, as one of the main levers for its own economic recomposition. Neoliberalism has never been so unstable or its hegemony so brittle, while the limitations of the ruling class have been shockingly revealed by the COVID-19 pandemic. With crises and systemic shocks increasingly common, capitalism is facing its biggest crisis. Given these ravages and disasters, we might expect a wave of popular eruptions from those fighting for a more egalitarian, just and sustainable world. If not now, when?

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MILITARISED ACCUMULATION

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Commentators were quick to blame the global economic meltdown of 2020 on the Coronavirus, as stock markets and global commerce went into free-fall starting in March of that year. Yet, the economic calamity the pandemic unleashed was a chronicle foretold. The virus was the spark that ignited the combustible of a global economy that never fully recovered from the 2008 financial collapse and has been teetering on the brink of renewed crisis ever since. The ruling groups shifted the burden of the crisis and sacrifice that the pandemic required onto the working classes by pushing policies to exploit every aspect of the outbreak for private profit (Robinson 2020a). Governments around the world turned to massive bailouts of capital with only very modest relief, if at all, for the working classes. In the first few months of the pandemic, the United States and European governments promised private corporations at least US\$8 trillion in loans and subsidies, roughly equivalent to all their profits over the previous two years, in what *The Economist* (2020: 8) called ‘the biggest business bailout in history.’¹ The ultra-wealthy elite in the US saw their net worth surge by \$931 billion from March to October 2020 (Americans for Tax Fairness, 2020: 1), while worldwide, billionaires’ wealth rose by 27.5 percent, to 10.2 trillion, from March to July 2020 (Neate, 2020: 1).

As these trillions of dollars accumulated at the very top, the pandemic left in its wake more inequality, political tension, militarism and authoritarianism. As the ruling groups and capitalist states turned to expanding a global police state (see below) to contain social upheaval, the

¹ All monetary values in the remainder of this article are denoted in US Dollars.

post-pandemic world was likely to be even less hospitable to democracy than it was before the outbreak. Yet, a vast new round of worldwide militarisation and repression, led by the US, was already underway several decades before the virus hit. On the eve of the pandemic in 2019, the US Congress approved a budget that allocated \$1.48 trillion to military spending over a two-year period, the single largest military allocation in US history and a full 55 percent of the entire government budget (Johnson 2019). That same year, the influential Council on Foreign Relations issued a report on national security in the US, calling for the accelerated incorporation of new digital technologies into military capabilities and an expanded role for corporate capital in the military and intelligence complex (Manyika *et al.* 2019).

Analysts typically attribute the recent escalation in militarisation to US competition with China or efforts by Washington to offset declining US hegemony (see, for example, Targ 2019). While geopolitics is unquestionably a part of the story, in this article we want to focus on the underlying structural processes that drive militarisation by building on the concept of *militarised accumulation* first introduced by Robinson (Robinson 2020b, 2018, 2014). In this regard, we analyse militarisation, war and repression as a search for new outlets for capital accumulation in the face of long-term stagnation in the global economy. Long before COVID-19, global capitalism has been mired in an organic crisis that is as much structural as it is political. Politically, the system faces a crisis of capitalist hegemony and state legitimacy. The level of global social polarisation and inequality is unprecedented. In 2018, the richest one percent of humanity, led by 36 million millionaires and 2,400 billionaires, controlled more than half of the world's wealth while the bottom 80 percent had to make do with just 4.5 percent of this wealth (Oxfam 2018). Such savage global inequalities are politically explosive and, to the extent that the system is simply unable to reverse them or to incorporate surplus humanity, it turns to ever more violent forms of containment to manage immiserated populations. As popular discontent has spread, the dominant groups have imposed expanding systems of mass social control, repression and warfare – from mass incarceration to deadly new modalities of policing and omnipresent systems of state and private surveillance – to contain the actual and potential rebellion of the global working class and surplus humanity.

It is this imperative of social control that, in the first instance, brings forth a global police state (Robinson 2020b) and threatens to undermine what

remains of democratic institutions. By ‘global police state’, we mean more than what we typically associate with a police state – police and military repression, authoritarian governments, the suppression of civil liberties and human rights. While this is certainly part of the story, ‘global police state’ here refers to three interrelated developments. First are the systems of mass social control and repression to contain the oppressed. Second is how the global economy is itself based on the development and deployment of these systems of warfare, social control and repression simply as a means of accumulating capital in the face of stagnation. Third is the increasing move towards political systems that can be characterised as ‘Twenty-First Century fascism’ or even ‘totalitarian’. These three dimensions help us identify the emerging character of the global economy and society as a repressive totality that cannot be disentangled from one another. We want to recall at all times that systems of warfare and repression are as *politically profitable* to the ruling groups as they are economically profitable. In this article, however, we focus on the second of these three dimensions, with the understanding that it can only be understood as part of this larger totality.

Overaccumulation and state military spending

To explain militarised accumulation, we need to focus on the structural dimension of the crisis: that of overaccumulation. Overaccumulation originates in the circuit of capitalist production, yet it becomes manifest in the sphere of circulation, that is, in the market, as a crisis of overproduction or underconsumption. The polarisation of income and wealth is endemic to capitalism. As inequalities escalate, the system churns out more and more wealth that the mass of workers cannot actually consume. Capitalist competition and class struggle push capital to reduce costs and/or increase productivity by increasing the organic composition of capital, which leads to the tendency for the rate of profit to fall. This tendency, which Marx (1993 [1939]: 748) called the ‘most important law’ of political economy, is expressed as overaccumulation crises. As capitalists compete with one another, strive to control labor and reduce labor costs, they raise productivity through organisational and technological innovations in the production process. This means that ever less labor is required to produce ever more wealth.

However, labor is the source of all surplus value, that is, of profits. Overaccumulation refers to how enormous amounts of capital are accumulated, yet this capital cannot be reinvested profitably and becomes stagnant or, in Marx' words, 'the capitalist would have won nothing by his own exertions but the obligation to supply more in the same labor time, in a word, more difficult conditions for the augmentation of the value of his capital' (Marx 1978: 214). Overaccumulation *appears* at the level of the market as a problem of 'overproduction' or 'underconsumption', insofar as the gap grows between what is produced and what the market can absorb. If capitalists cannot actually sell (or 'unload') the products of their plantations, factories and offices, then they cannot make profit. Escalating inequalities originate in, yet also recursively fuel, capitalism's chronic problem of overaccumulation: the transnational capitalist class (TCC) cannot find productive outlets to unload the enormous amounts of surplus it has accumulated, leading to chronic stagnation in the world economy.

The Great Recession arising in 2007/08 – the worst crisis since the 1930s – marked the onset of a deep structural crisis of overaccumulation. As uninvested capital accumulates, enormous pressures build to find outlets for unloading the surplus. Capitalist groups pressure states to create new opportunities for profit-making. As productive outlets dry-up for unloading accumulated surplus in the context of the Recession, the TCC has turned to several mechanisms to continue accumulating in the face of stagnation. One of these is frenzied financial speculation in the global casino, which has led to one bubble after another and an ever-wider gap between the productive economy and 'fictitious capital.' Another is the reconfiguration of state finance to reduce or even eliminate the state's role in social reproduction and expand its role in facilitating transnational capital accumulation through austerity, bailouts, corporate subsidies and state debt as governments transfer wealth directly and indirectly from working people to the TCC. A third is an expansion of credit to consumers and governments as continued growth becomes dependent on public and private debt that has reached unprecedented levels. These mechanisms are all temporary fixes. None of them can sustain the economy and, indeed, end up aggravating the crisis of overaccumulation in the long run.

Hence the mechanism of militarised accumulation plays a heightened role in sustaining the global economy as the system becomes increasingly dependent on the development and deployment of systems of warfare, social control and repression simply as a means of making profit and continuing to accumulate capital in the face of stagnation. It is evident that

unprecedented global inequalities can only be sustained by ubiquitous systems of social control and repression. Yet, apart from such political considerations, it has become equally evident that the ruling groups have acquired a vested interest in war, conflict and repression as a means of accumulation. As war and state-sponsored violence become increasingly privatised, the interests of a broad array of capitalist groups shift the political, social, and ideological climate towards generating and sustaining social conflict, such as in the Middle East, and in expanding systems of warfare, repression, surveillance and social control. The so-called ‘wars’ on drugs and terrorism, the undeclared wars on immigrants, refugees and gangs (and poor, dark-skinned and working class youths more generally), the construction of border walls, immigrant detention centers, prison-industrial complexes, systems of mass surveillance, and the spread of private security guard and mercenary companies, have all become major sources of profit-making.

The concept of ‘militarised accumulation’ helps us identify how transnational capital has become increasingly dependent on a global war economy that, in turn, relies on perpetual state-organised war-making, social control and repression. The circuits of militarised accumulation coercively open-up opportunities for capital accumulation worldwide. The generation of conflicts and the repression of social movements and vulnerable populations around the world has become a strategy that conjoins profit-making with political objectives and may even trump those objectives as the driver of militarisation and repression. The events of September 11, 2001 marked the start of an era of a permanent global war in which logistics, warfare, intelligence, surveillance and even military personnel are ever more the privatised domain of transnational capital. Criminalisation of surplus humanity activates state-sanctioned repression that opens-up new profit-making opportunities for the TCC.

War profiteering, far from new, is as old as war itself. All wars are for the appropriation of surplus in the broadest sense; beyond outright plunder, for the creation, defense and reproduction of the conditions under which surplus can be generated by some groups and appropriated by others. What requires analysis is the *mode* of this appropriation through warfare and violence, and the role that it plays within the larger political economy. Among others, the German socialist, Rosa Luxemburg, analysed over a century ago the centrality of violence and militarism as a ‘province of accumulation’ (Luxemburg, in Hudis and Anderson 2004: Ch. 1). In their classic 1966 study, *Monopoly Capitalism*, Paul Baran and Paul Sweezy

argued that the capitalist system needed rising levels of military spending as an outlet for ever greater amounts of accumulated surplus. The concept of military Keynesianism in the post-War period thus referred to expanding military budgets to offset stagnation in the capitalist economy, in the same way that Keynesian policies more generally sought to create demand and stimulate the economy. While the old-style military Keynesianism of the post-WWII period is still in place, the concept of militarised accumulation points to the more expansive role that generating war, repression, and systems of transnational social control now play as they move to the very center of the global economy. The Austrian economist, Joseph Schumpeter (1943), coined the term ‘creative destruction’ in reference to how capitalism constantly ‘creates and destroys’ in its cycles of development. Now ‘creative destruction’ appears to drive the logic of militarised accumulation. Permanent war involves endless cycles of destruction and reconstruction, each phase in the cycle fueling new rounds and accumulation, and also resulting in the ongoing enclosure of resources that become available to the TCC.

The Pentagon budget increased 91 percent in real terms between 1998 and 2011 and, even apart from special war appropriations, it grew by nearly 50 percent in real terms during this period. *Worldwide*, total defense outlays grew by 50 percent from 2006 to 2015, from \$1.4 trillion to \$2.03 trillion (Robinson 2017), although this figure does not take into account secret budgets, contingency operations and ‘homeland security’ spending. According to the Homeland Security Research Corporation, the global market in homeland security reached \$431 billion in 2018 and was expected to climb to \$606 billion by 2024 (CISION 2019). In the immediate aftermath of the September 11, 2001 attacks, the average stock price of private military companies listed on stock exchanges jumped some 50 percent in value (Singer 2003: 232). In the decade from 2001 to 2011, military industry profits nearly quadrupled (Robinson 2017). In total, the US spent a mind-boggling nearly \$6 trillion from 2001 to 2018 on its Middle Eastern wars (O’Connor 2018), which by 2015 had killed some four million people (Nafeez 2015). As spin-off effects of this military spending flow through the open veins of the global economy – that is, the integrated network structures of the global production, services and financial system – it becomes increasingly difficult to distinguish between military and non-military dimensions of a global war economy. Military expansion around the world has taken place through parallel, and often conflictive, processes, yet all show the same relationship between state

militarisation and global capital accumulation (Robinson 2020b). In 2015, for instance, the Chinese government announced that it was seeking to develop its own military-industrial complex modelled after the US, in which private capital would assume the leading role (Yang 2017).

It is difficult to track the scale of militarised accumulation relative to capital's multiple circuits – that is, to measure a magnitude for the significance of the global police state to the global economy as a whole. Worldwide, official state military outlays in 2015 represented about three percent of the gross world product of \$75 trillion (this does not include state military spending not made public). But militarised accumulation involves vastly more than activities generated by state military budgets. There are vast sums involved in state spending and private corporate accumulation through militarisation and social control, and other forms of generating profit through repressive social control that do not involve militarisation *per se*, such as structural controls over the poor through debt collection enforcement mechanisms or accumulation opportunities opened up by criminalisation (Soederberg 2014). Given how thoroughly entangled they are to one another in the global economy, it is difficult to separate out distinct sectoral circuits of accumulation in our analysis. For instance, it becomes nearly impossible to separate such sectors as fossil fuel production, mining and agribusiness, from the militarised and repressive dimensions of these activities. Oil and gas, to take one example, represent some three percent of gross world product (*Investopedia* 2018), a percentage similar to state military spending. Yet, it is simply impossible to disentangle this sector from the Middle East wars and other conflicts around the world, so much so that it is stitched into the emergent global police state, as are other extractive industries.

In what follows, we examine some of the dimensions of militarised accumulation worldwide, with an emphasis on the role of the US as the predominant world power and as the axis around which the circuits of militarised accumulation spread across the world.

The privatisation of war and repression

The German sociologist Max Weber famously defined the state as that institution that exercises a legitimate monopoly of violence over a given territory. If this held true for much of the modern era (since the Treaty of Westphalia in 1648) it is no longer so. The state attempts to sustain

accumulation by contracting out the exercise of this violence to transnational capital. This is a two-way street, insofar as capital pressures the state to open-up opportunities for unloading surplus and generating profit through militarisation and state-sanctioned repression. The more state policy is oriented towards war and repression, the more opportunities are opened-up for transnational capital accumulation.

The various wars, conflicts and campaigns of social control and repression around the world involve the increasing fusion of private accumulation with state militarisation. In this relationship, the state facilitates the expansion of opportunities for private capital to accumulate through militarization, such as the state facilitation of global weapons sales by military-industrial-security firms. This latter mechanism dates back to the onset of military Keynesianism, but the amounts now involved were simply unimaginable in the earlier era. In 2017, for instance, the US government signed a deal for private firms to supply \$350 billion in arms to the Saudi regime (David 2017). Between 2003 and 2010 alone, the developing world bought nearly half a trillion dollars in weapons from arms dealers. Global weapons sales by the top 100 weapons manufacturers and military service companies increased by 38 percent between 2002 and 2016. These top 100 companies across the globe, excluding China, sold \$375 billion in weapons in 2016, generating \$60 billion in profits, and employing over three million workers (Fleurant *et al.* 2017: 1 and compiled from pp. 2-5, Table 1; Halper 2015: 193).

Yet, the relationship between the state and private capital in militarised accumulation is more than state spending to pay contractors for military hardware. The function of the capitalist state is to secure the overall conditions under which capitalist development proceeds. This involves, among other things, the state's capacity to keep private capital in motion in accordance with prevailing conditions, political opportunities and the correlation of social and class forces in particular historical circumstances. In what concerns us here, the capitalist state increasingly turns over the very design and execution of war, repression and security to the TCC. The US-led wars in Iraq and Afghanistan, for instance, opened enormous opportunities for private military and security firms, precipitating the explosion in private military and police contractors around the world deployed to protect the TCC and global capitalism. Private military contractors in Iraq and Afghanistan during the height of those wars exceeded the number of US combat troops in both countries, and

outnumbered US troops in Afghanistan by a 3-to-1 margin (Shane 2016; Miller 2007).

Beyond the US, private military and security firms have proliferated worldwide, with their deployment not limited to the major conflict zones in the Middle East, South Asia and Africa. In his study, *Corporate Warriors*, Singer (2003) documents how private military forces (PMFs) have come to play an increasingly central role in military conflicts and wars. 'A new global industry has emerged,' noted Singer. 'It is outsourcing and privatisation of a Twenty-First Century variety, and it changes many of the old rules of international politics and warfare. It has become global in both its scope and activity' (2003: 9). Beyond the many based in the US, PMFs come from numerous countries around the world, including Russia, South Africa, Colombia, Mexico, India, the EU countries, and Israel, among others.

Beyond wars, PMFs open-up access to economic resources and corporate investment opportunities – deployed, for instance, to mining areas and oil fields – leading Singer to term PMFs as 'investment enablers.' Effectively constituting one branch of the TCC, the PMFs accumulate capital by opening-up opportunities for other branches of the TCC – for instance, energy, mining and agribusiness conglomerates – to accumulate capital. Put differently, the PMFs make profit by carrying-out direct violence that facilitates enclosure, so that other transnational corporations may profit through the structural violence of dispossession and exploitation. PMF clients include states, corporations, landowners, non-governmental organisations, even the Colombian and Mexican drug cartels.

From 2005 to 2010, the Pentagon spent \$146 billion on private military contractors for the Iraq-Afghanistan war theater (Schwartz and Swain, 2011), contracting some 150 firms from around the world for support and security operations in Iraq alone (Engbrecht 2011: 18). In the wake of the September, 2001 attacks, private contractors received roughly half of the entire US defense budget each year (Porter 2018). By 2018, private military companies employed some 15 million people around the world, deploying forces to guard corporate property, provide personal security for TCC executives and their families, collect data, conduct police, paramilitary, counterinsurgency and surveillance operations, carry-out mass crowd control and repression of protesters, manage prisons, run private detention and interrogation facilities, and participate in outright warfare (Langewiesche 2014; Singer 2007).

These firms were increasingly integrated into the transnational corporate and financial networks of the TCC, while their boards of directors and advisors, notes Phillips (2018: 216), ‘represent some of the most powerfully connected people in the world, with multiple socio-political links to governments, military, finance, and policy groups’. The leading global financial corporations are so thoroughly invested in the well-known military-industrial-security corporations of the Twentieth Century – such as Lockheed-Martin, Northrop Grumman, Boeing and Raytheon – that what appears is a fusion of the traditional military-industrial complex with transnational finance capital. To this we must add the tech sector, as these same financial conglomerates are heavily invested in the tech giants. As the fate of Silicon Valley and Wall Street become tied to that of warfare and repression, this Silicon Valley-Wall Street nexus becomes interlocked with the military-industrial-security complex.

Meanwhile, the private security (policing) business, a subset of the privatisation of war and security, now dwarfs public security around the world. The private security business is one of the fastest growing economic sectors in many countries, Singer noted in his 2003 study. The amount spent on private security in that year was 73 percent higher than that spent in the public sphere, and three times as many persons were employed in private forces as in official law enforcement agencies. Indeed, he noted that private security personnel within Britain (roughly 250,000) actually outnumbered the British army! In parts of Asia, the private security industry grew at 20 percent to 30 percent per year. Even in China, some 250,000 guards were employed by the private security industry. Perhaps the biggest explosion of private security was the near complete breakdown of public agencies in post-Soviet Russia, with over 10,000 new security firms opening since 1989 (Singer 2003: 69). G4S, the world’s largest private security firm, has become the third larger private employer in the world (after Walmart and Foxcomm), with 660,000 employees and annual revenue of over \$10 billion (IBT 2012). There were some 20 million private security workers worldwide in 2017, and the industry was expected to be worth over \$220 billion by 2020. In half of the world’s countries, private security agents outnumber police officers.

Silicon Valley and surveillance capitalism

Computer and information technology has revolutionised warfare, the modalities of state and private violence, and the instruments of social control. The so-called ‘Revolution in Military Affairs’ (RMA) commenced in the late Twentieth Century; but with the application of more advanced digital and fourth industrial revolution technologies, this revolution appears to be entering a new stage. Virtually every new technology becomes employed in various combinations with traditional armed, police and intelligence forces, and involves an inter-operability of all ways to conduct warfare, social control surveillance and repression.

This RMA has opened-up new possibilities for ruling groups to exercise what, in military jargon, has been referred to as ‘full spectrum dominance,’ or ‘total battlespace awareness.’ This battlespace becomes all-encompassing: traditional physical space (land, sea, air), cyberspace, political systems, ‘the information environment,’ the electromagnetic spectrum, social media, and so on (for discussion, see *inter-alia* Engdahl 2009). All of global society becomes a highly surveilled and controlled, *and wildly profitable* battlespace. We must not forget that these technologies of the global police state are driven as much, or more, by the compulsion to open up new outlets for accumulation as they are by strategic or political considerations. The rise of the digital economy and the blurring of boundaries between the military and civilian sectors appear to fuse several fractions of capital around a combined process of financial speculation and militarised accumulation. The market for new systems made possible by digital technology runs into the hundreds of billions. The value of the global biometrics market, for instance, was expected to jump from \$15 billion in 2015 to \$35 billion by 2020 (National Immigrant Project 2018: 58).

As the first wave of digitalisation took-off in the 1990s, the emerging tech industry was conjoined at birth to the military-industrial-security complex and global police state. Over the years, for instance, Google has supplied mapping technology used by the US Army in Iraq, hosted data for the Central Intelligence Agency, indexed the National Security Agency’s vast intelligence databases, built military robots, co-launched a spy satellite with the Pentagon, and leased its cloud computing platform to help police departments predict “crime”. ‘And Google is not alone,’ notes Levine. ‘From Amazon to eBay to Facebook [...] Some parts of these companies are so thoroughly intertwined with America’s security services that it is

hard to tell where they end and the US government begins' (Levin 2018: 5).

In her study, *The Age of Surveillance Capitalism*, Zuboff (2019) shows how data extraction and analysis has reached a height of ubiquity unimaginable only a few years ago. Zuboff is correct in seeing Google and the other tech corporations as driven by the vast new opportunities for profit-making offered by big data, observing that 'this new market form is a unique logic of accumulation in which surveillance is a foundational mechanism in the transformation of investment into profit' (Zuboff 2019: 53). But 'this new market form' is, in turn, hitched to the global police state. Then-CIA director, Michael Hayden, was quite candid in 2013 when he explained that in the years following September 11, 2001, the Agency 'could be fairly charged with the militarisation of the world wide web' (Peterson 2013). Insofar as we are concerned here with militarised accumulation, it has become clear that the difference between commercial and military profiling and data mining is illusory. The same platforms and services that Google deploys to monitor people's lives and collect their data is put to use running huge swaths of the US military and spy agencies and police departments, as well as corporations of the military-industrial-security complex.

At the turn of the century, a more advanced integration commenced between Google and the rest of Silicon Valley, the apparatus of the US military and national security state, and more traditional companies of the military-industrial complex such as Raytheon, Northrop Grumman and Lockheed Martin. The behemoth of the Internet companies, Google, led the way, partnering with these traditional military contractor companies and with 'just about every major military and intelligence agency,' with the State Department, the FBI and other federal agencies. 'Google didn't just work with intelligence and military agencies but also sought to penetrate every level of society, including civilian federal agencies, cities, states, local police departments, emergency responders, hospitals, public schools, and all sorts of companies and nonprofits.' And it does not stop at Google. Among the Internet giants, Amazon, Paypal, Facebook and eBay, in conjunction with numerous smaller companies, also signed contracts worth billions of dollars with the CIA, the NSA, the Pentagon, local police stations, and so on (Levine 2018: 178, 180).

Criminalisation and the war on immigrants and refugees

If criminalisation is a mechanism to facilitate the repression of dissent and social control of surplus humanity, it is also a method that the state uses to create special dedicated markets for private profit. It is the most clear-cut method of accumulation by repression. This type of criminalisation activates 'legitimate' state repression to enforce the accumulation of capital, including by institutionalizing diverse mechanisms of market exploitation through the coercive apparatuses of the state. In turn, the state turns to private capital to carry out repression against those criminalised.

There has been a rapid increase in imprisonment in countries around the world – led by the US, which has been exporting its own system of mass incarceration. In 2019, the US was involved in the prison systems of at least 33 different countries. The US led the way in mass incarceration, with 2.3 million prisoners, followed by China (1.65 million), and then Brazil, Russia, India, Thailand, Indonesia, Turkey, Mexico and the Philippines. While the global prison population grew by 24 percent from 2000 to 2018, the population in Oceania behind bars increased by 86 percent, in the Americas by 41 percent, in Asia by 38 percent, and in Africa by 29 percent (by contrast, it decreased by 22 percent in Europe) (Walmsley 2018).

This carceral state opens up enormous opportunities at multiple levels for militarised accumulation. Gilmore shows in her oft-cited 2007 study, *Golden Gulag*, how in California – the epicenter of mass incarceration in the US – prisons provided an opportunity for investors to offload surplus capital by purchasing the lease-revenue bonds that financed the boom of prison construction in the state. Prison construction, in turn, created profitable opportunities for wealthy landlords in rural areas, who sold their less valuable and useful land at an inflated price to the state for prison siting.

In 2001, there were nearly 200 privately operated prisons on all continents and many more 'public-private partnerships' that involved privatised prison services and other forms of for-profit custodial services, such as privatised electronic monitoring programs. The countries that were developing private prisons ranged from most member states of the EU, to Israel, Russia, Thailand, Hong Kong, South Africa, New Zealand, Ecuador, Australia, Costa Rica, Chile, Peru, Brazil and Canada. The companies running these private prisons were themselves giant transnational corporations – including the US-based but globally traded

Corrections Corporation of America (CCA), Geo Group, and Management and Training Corporation, and the UK-based G4S and Serco – linked, in turn, to the financial industry (Mason 2013; Sassen 2014: 68-9). Since 2000 the number of people in private prisons in the US increased by 47 percent compared to an overall rise in the prison population of 9 percent. Since government agencies paid private companies per prisoner, it is in the interests of these companies and their investors to expand the prison population as much as possible, to hold prisoners as long as possible and, by extension, expand the methods of criminalisation.

The carceral state also provides capital with a ready supply of captive and super-exploitable labor. In 2017, some 15 percent of inmates in federal and state prisons performed work for such companies as Boeing, Starbucks and Victoria's Secret, while migrants detained for violating immigration laws are one of the fastest growing segments of prison labor. 'For Private business, prison labor is like a pot of gold,' note Goldberg and Evans (2012: 13). 'No strikes. No union organising. No unemployment insurance or workers' compensation to pay. New leviathan prisons are being built with thousands of eerie acres of factories inside the walls. All at a fraction of the cost of "free labor"'. On top of this, more prisons are charging prisoners for basic necessities, from medical care to toilet paper and even 'room and board' charges.

Those criminalised include millions of migrants and refugees around the world. The massive displacement unleashed by capitalist globalisation, state and private violence, and military conflict has resulted in an unprecedented wave of worldwide migration in recent years. In 1960, there were some 75 million immigrant workers (workers who have left their country of origin) worldwide and 100 million in 1980. The International Labor Organisation (ILO undated) put the figure for 2017 at 258 million. As this worldwide migrant population increases, borders around the world are militarised, states are stepping up repressive anti-immigrant controls, and native publics are turning immigrants into scapegoats for the spiraling crisis of global capitalism.

This migrant population serves global capitalism well. It provides an almost inexhaustible labor reserve for the global economy. Transnational labor mobility has made it possible for the TCC to reorganise labor markets around the world and recruit a transient workforce that is disenfranchised and easy to control. Repressive state controls over the migrant population and criminalisation of non-citizen workers makes this

sector of the global working class vulnerable to super-exploitation and hyper-surveillance. In turn, this self-same repression itself becomes an ever more important source of accumulation for transnational capital in a dual sense. First, every phase in the war on immigrants has become a wellspring of profit making – from private, for-profit detention centers and the provision of services inside public detention centers such as healthcare, food and phone systems, to other ancillary activities of the deportation regime, such as government contracting of private charter flights to ferry deportees back home, and the equipping of armies of border agents. In the US, the Department of Homeland Security issued more than 344,000 contracts for border and immigration control services worth \$80.5 billion between 2006 and 2018 (Chen 2019). Second, if this war opens vast new outlets for unloading surplus, it also provides capital with the opportunity to intensify exploitation; to drive down black and informal market wages, and to place more general downward pressure on wages.

The war on immigrants in the US provides a textbook case-study on militarised accumulation and accumulation by repression. By one estimate, the border security industry was set to double in value from approximately \$305 billion in 2011 to some \$740 billion in 2023 (Chen 2019). The day after Donald Trump's November 2016 electoral victory, the stock price of Corrections Corporation of America (CCA, which later changed its name to CoreCivic) – the largest for-profit immigrant detention and prison company in the US – soared 40 percent, given Trump's promise to deport millions of immigrants. Earlier in 2016, CCA's CEO, Damon Hiniger, reported a five percent increase in first quarter earners as a result of 'stronger than anticipated demand from our federal partners, most notably Immigration and Customs Enforcement,' as a result of the escalating detention of immigrant women and children fleeing violence in Central America (Yu Shi Lee 2018). The stock price of another leading private prison and immigrant detention company, Geo Group, saw its stock prices triple in the first few months of the Trump regime (the company had contributed \$250,000 to Trump's inauguration and was then awarded with a \$110 million contract to build a new immigrant detention center in California) (Le 2017). Hundreds of private firms from around the world placed bids to construct Trump's infamous US-Mexico border wall (The Economist 2017: 59). Given that such companies as CoreCivic and Geo Group are traded on the Wall Street stock exchange, investors from around the world may buy and sell their stock and, in this way, develop a stake in immigrant repression quite removed from – if not entirely

independent of – the more pointed political and ideological objectives of this repression.

By the end of the Twentieth Century, the US-Mexico border was already one of the most militarised stretches of land in the world, with 10 guards for every mile for the length of the 2,000-mile border. Many stretches along the frontier are akin to a war zone. Mexican researcher, Juan Manuel Sandoval (2017: 93), traces how the border region has been reconfigured into a ‘global space for the expansion of transnational capital’. This is centered around high-tech military and aerospace related industries, military bases, and deploying other civilian and military forces to combat ‘immigration, drug trafficking, and terrorism through a strategy of low-intensity warfare’ on the US side, along with expansion of maquiladoras (sweatshops), mining and industry on the Mexican side under the auspices of capitalist globalisation and North American integration. He thereby shows how the border region has become a single integrated site of intensive militarised accumulation that is, in turn, integrated into the larger worldwide circuits of global capitalism.

The private immigrant detention complex is a boom industry. Undocumented immigrants constitute the fastest growing sector of the US prison population and are detained in private detention centers and deported by private companies contracted out by the US state. As of 2010, there were 270 immigration detention centres that, on any given day, caged over 30,000 immigrants and annually locked up some 400,000 individuals, compared to just a few dozen people in immigrant detention each day prior to the 1980s (CIVIC 2017). Some detention centers housed entire families, so that children were behind bars with their parents. Since detainment facilities and deportation logistics are subcontracted to private companies, capital has a vested interest in the criminalisation of immigrants and militarisation of control over immigrants – and more broadly, therefore, a vested interest in contributing to the neo-fascist anti-immigrant movement.

In 2010, the Arizona legislature passed the *Support Our Law Enforcement and Safe Neighbourhoods Act* (‘SB1070’) which, at the time of passage, was one of the most all-encompassing and severe anti-illegal immigration measures passed in the US. A month after SB1070 became law, Wayne Calabrese, the President of Geo Group, held a conference-call with investors and explained his company’s aspirations. ‘Opportunities at the federal level are going to continue apace as a result of what’s happening,’ he said, referring to the Arizona law. ‘Those people coming across the

border being caught are going to have to be detained and that, to me at least, suggests there's going to be enhanced opportunities for what we do' (Sullivan 2010). The 2005 annual report of the CCA stated with regard to the profit-making opportunities opened up by the prison-industrial complex:

Our growth is generally dependent upon our ability to obtain new contracts to develop and manage new correctional and detention facilities [...] The demand for our facilities and services could be adversely affected by the relaxation of enforcement efforts, leniency in conviction and sentencing practices or through the decriminalisation of certain activities that are currently proscribed by our criminal laws (Alexander 2012: 231).

By the second decade of the Twenty-First Century, over 350,000 immigrants were going through privately run prisons for the undocumented each year, and record numbers were being deported, even though the absolute number of immigrants had declined.

The tech sector in the US has become heavily involved in the war on immigrants, as Silicon Valley plays an increasingly central role in the expansion and acceleration of arrests, detentions and deportations. As their profits rise from participation in this war, leading tech companies have, in turn, pushed for an expansion of incarceration and deportation of immigrants, and lobbied the state to expedite the use of its social control and surveillance technologies in anti-immigrant campaigns. Tech innovation and infrastructure allow immigration enforcement to rely on policing through huge databases, computer programs, tech employees analysing big data, and shareable cloud-based storage. Immigration enforcement and detention is now big business for Silicon Valley, noted one report:

ICE [Immigration and Customs Enforcement], DHS [Department of Homeland Security], and many other law enforcement agencies spend billions of taxpayer dollars on procuring and maintaining these new systems. A handful of huge corporations, like Amazon Web Services and Palantir, have built a 'revolving door' to develop and entrench Silicon Valley's role in fueling the incarceration and deportation regime (National Immigration Project 2018).

Amazon and other tech and military-industrial companies – such as Adobe, IBM, Oracle, Salesforce, Lockheed Martin, Symantec and Raytheon – are involved in supplying 'border security' in several dozen countries across Europe, the Middle East, Asia and the Americas. Following the lead of the

giant tech companies, hundreds of small to mid-sized corporations compete to build information-sharing platform and software programs for advanced data collection and biometric tracking systems for DHS and ICE, while transnational tech companies based abroad have also been contracted – among them, the French-based IDEMIA and Tokyo-based NEC Corporation.

In Europe, the refugee crisis and European Union's program to 'secure borders' has provided a bonanza to military and security companies providing equipment to border military forces, surveillance systems and IT infrastructure. As in the US, these companies – far from passive beneficiaries of the crisis – have been behind the push to expand so-called securitisation. In 2007, the leading companies from Europe's military-industrial-security complex established the European Organisation for Security to lobby governments to militarise borders and implement sweeping securitisation programs. At the same time as these companies were benefitting from the multi-billion dollar border security contracts in Europe, they were granted licenses by EU member states to sell nearly \$100 billion in arms to Middle East and North Africa (MENA) countries from 2005 to 2014. The MENA regimes used the spike in arms sales to crack down on popular uprisings during the 2011 Arab Spring and fuel armed conflicts.

The budget for the EU border security agency, Frontex, increased a whopping 3,688 percent between 2005 and 2016, while the European border security market was expected to nearly double, from some \$18 billion in 2015 to approximately \$34 billion in 2022. Major transnational corporations that have both pushed for and profited from the securitisation campaign include, among others, military supply, aerospace and technology conglomerates Airbus, Finmeccanica, Thales and Safran, as well as the technology giant Indra Systems – all companies publicly traded on global stock markets. By the end of the second decade of the century Europe's borders increasingly resembled those of the US-Mexico border, with concrete walls, virtual walls, military patrols, monitoring and sniper towers, cameras, land radars and wireless telecommunication infrared surveillance, drones, carbon-dioxide probes, biometric identification systems, and immigration databases.

Conclusion: A pushback from below?

We have been limited here, given space constraints, to undertake a brief survey of a few circuits of militarised accumulation around the world. We must remember that militarised accumulation is driven by a dual logic of providing outlets for overaccumulated capital in the face of stagnation, and of social control and repression as capitalist hegemony breaks down. The Italian communist, Antonio Gramsci, developed the general concept of ‘hegemony’ to refer to the attainment by ruling groups of stable forms of rule based on ‘consensual’ domination of subordinate groups. Gramsci’s notion of hegemony posits distinct forms, or relations, of domination: specifically, *coercive domination* and *consensual domination*. Hegemony may be seen as a relationship between classes or groups in which one class or group exercises leadership over other classes and groups by gaining their active consent. Hegemony is, thus, rule by consent, or the cultural and intellectual leadership achieved by a particular class, class fraction, strata, or social group, as part of a larger project of class rule or domination. All social order is maintained through a combination of consensual and coercive dimensions – in Gramsci’s words, hegemony is ‘consensus protected by the armor of coercion’ (Gramsci 1971: 263).

We can note by way of conclusion that the global order, as a unity, is increasingly repressive and authoritarian, in which coercive domination and violent exclusion may increasingly prevail over consensual incorporation as the system sheds the pretense to democracy. The more the global economy comes to depend on militarisation and conflict, the greater the drive to war and the higher the stakes for humanity. There is a built-in war drive to the current course of capitalist globalisation. Historically, wars have pulled the capitalist system out of crisis while they have also served to deflect attention from political tensions and problems of legitimacy. The breakdown of hegemony, in turn, points to the political dimensions of global capitalist crisis.

Some have argued that militarised accumulation is not in the long-term interests of the TCC and that a new round of digitalisation and ‘green capitalism’ could push the global economy away from reliance on militarised accumulation. It is certainly plausible that digitalisation or a Green New Deal will unleash a new round of capitalist expansion that could temporarily offset the crisis of overaccumulation and, thus, provide an alternative to militarised accumulation. However, such expansion would not necessarily push back the threat of a global police state. For that

to happen, it would have to involve a worldwide redistribution of wealth downward that could diminish global inequalities, exclusion and immiseration, thereby attenuating the system's imperative of expanding repression and militarised accumulation. In other words, the likelihood of an entrenched global police state – driven by the twin imperatives of social control and militarised accumulation – is contingent on the outcome of the struggle among social and class forces and their distinct political projects.

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TURKEY’S AUTHORITARIAN REGIME OF ACCUMULATION: DEVELOPMENT BY DISLOCATION

Bengi Akbulut, Fikret Adaman and Murat Arsel

Addressing foreign capital investors at a meeting hosted by the Union of Chambers and Commodity Exchanges in July 2017, Recep Tayyip Erdoğan, then the President of the Turkish Republic, infamously defended the extended state of emergency – following an attempted coup in the previous year – as was good for business:

We keep the State of Emergency so that our business community can work better. I am asking you, do you have any troubles, any barriers in the business world? When we came to power there was [another] State of Emergency in place. Yet all the factories were being threatened by [labour] strikes. Remember those days. Is it at all the case today? On the contrary. Now we intervene immediately at any threat of a strike. We say No, we do not allow strikes here because you cannot debilitate our business community.¹

This is perhaps the most vivid illustration of how the rising authoritarian rule under Erdoğan’s Justice and Development Party (AKP in its Turkish acronym) within the last decade was wedded to the aggressive neoliberalisation that marked much of the same era. Many have, indeed, used the analytic of ‘authoritarian neoliberalism’ in explicating Turkey’s more recent trajectory under the AKP rule, albeit through different entry points. Tansel (2019), for instance, mobilises the concept to denote the

¹ <https://www.evrensel.net/haber/326078/erdogandan-itiraf-ohalle-grevlere-musaade-etmiyoruz>, authors’ translation.

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process of executive centralisation in the country's urban governance, through which the state apparatus is used to facilitate capital flows and extend commodification of urban land and housing. Tansel argues that centralisation not only articulates and accelerates a state-led commodification process by rendering the executive branch as the main arbiter of social and economic policy, but also curtails mechanisms of democratic contestation and voicing dissent. Özden *et al.* (2017), on the other hand, frames the trajectory of neoliberalisation in Turkey as a history of different configurations of authoritarianism *vis-à-vis* deepened conflicts unleashed by the country's integration into neoliberal globalisation. Accordingly, while the AKP's hegemonic project has always been authoritarian, its contemporary and specific form – police and judiciary-centered security state and the Islamist discourse – has been triggered by factors that made control over the state apparatus crucial to quash social and political opposition. Similarly, Adaman *et al.* (2019) and Adaman and Akbulut (forthcoming) identify a continuity in the authoritarian state form in Turkey and posit its more recent guise, together with developmentalism and populism, as a mechanism for reproducing the AKP's rule within a context of heightened social and ecological costs, and as signalling a breakdown of broad-based consent and societal legitimacy.

While building on these accounts, we aim to take a different path and elucidate a particular regime of accumulation that took shape under authoritarian neoliberalism in Turkey, distinct in the interlinked flows of resources, capital and labour that it mobilises. Many have observed that Turkey's contemporary developmental regime fundamentally depends on the expropriation of resources and space, thereby invoking the concept of accumulation by dispossession. Yet, we claim that the analytic of 'dispossession' is inadequate in capturing the broader constellation of markets, state and capital in which flows of resources and labour are mobilised and redirected to specific aims. Instead, we use the term '*accumulation by dislocation*' to emphasise that this regime relies not only on the expropriation of resources, but also on their dislocation and transformation.

More specifically, we use the qualifier 'dislocation', rather than dispossession, to point to the visibly spatial organisation in which the expropriation of resources into circuits of capital is taking place. Secondly, we utilise the term to tackle the aftermath of the 'moment' of dispossession – *ie.* considering what happens to the expropriated means of production and the dispossessed, the mechanisms by which they are managed and the

ends toward which they are mobilised. In doing so, we illustrate that a distinct logic exists in the state's participation in accumulation processes, as both the spatial organisation of dispossession and that of its aftermath are closely tied to the role played by the state, especially under its authoritarian form.

Our argument deploys the case of Artvin, a provincial region in Northeastern Anatolia, where we conducted extensive field research between 2012-18. The region has been the target of intensive hydropower development and mining investments for much of Republican history, but more pronouncedly within the last decade. We demonstrate that this recent influx set-off dynamics that not only comprise dispossession processes but also, more importantly, the dislocation and mobilisation of the dispossessed (labour), as well as the extracted materials and energy, away from the region to urban industrial centers. Both the separation of producers from their means of (re)production and the subsequent incorporation of labour, energy and raw materials into circuits of accumulation took spatial forms organised and managed by the Turkish state under neoliberal authoritarianism: it mediated the flows of labour, materials and energy through a constellation of markets, incentives and actors, on the one hand, and increased reliance on authoritarian measures, on the other. This process further intimates a particular form of developmentalism shaped under authoritarian neoliberalism, where the Turkish state marshals flows of capital, materials, energy and labour to specific ends – not through explicit action, but via the construction and organisation of markets (see also Arsel *et al.* forthcoming).

While the role of the state in organising and mobilising this particular form of accumulation is a focal point in our argument, we do not see state involvement, or even increased state involvement, as the distinguishing feature of authoritarian neoliberalism. States have always actively constructed, instituted and facilitated market operations, even (and no less) under neoliberalism (Madra and Adaman 2018). Beyond the recognition that different processes of neoliberalisation have historically been accompanied by varying types and levels of state involvement (Peck and Tickell 2002), as convincingly argued by Bruff (2014), neoliberal reform has always been envisioned as a mobilisation of non-market institutions, including the state, rather than their annihilation. As Tansel (2017: 2) underlines, although contemporary neoliberalism – especially after the 2008/9 crisis – reinforces and increasingly relies upon coercive state practices (that discipline, marginalise and criminalise oppositional social

forces), as well as judicial and administrative state apparatuses (that limit the opportunity sets of the opposition), this does not suggest 'that the deployment of coercive state apparatuses for the protection of the circuits of capital accumulation is a new phenomenon', nor 'that the pre-crisis trajectories of neoliberalisation have been exclusively consensual'. In that sense, we join those who do not see as exceptional the increased scope and scale of the state's role in contemporary neoliberalism. Instead, we locate the authoritarian turn in the specific constellation of practices and discourses that both restructure the state and refashion state-society relationships around heightened centralisation, smothering of social opposition and increased use of coercion.

Furthermore, we conceptualise neoliberalism not exclusively as an extension and/or deepening of marketisation or commodification *per se* (see, *eg.*, Bruff 2014), but rather as the economisation of the social and political realms (Madra and Adaman 2014, 2018; Adaman *et al.* 2019). That is, we, understand it as a mode of governing, where all social and political issues are to be resolved by creating appropriate economic incentives and, relatedly, producing subjectivities and conditions that are conducive for market relations to be institutionalised. Understood as such, 'neoliberalism can accommodate a range of theoretical and political positions with diverse policy implications, including those that can be identified as state interventionism' (Adaman *et al.* 2019: 519). Within the context of authoritarian neoliberalism, then, we do not locate neoliberalism in state involvement to extend marketisation, but rather in how that involvement – economization – re-organises the social ontology. That very imposition, which has taken a more authoritarian form since the 2008/9 crisis, is central in correctly locating contemporary neoliberal states. Framed as such, we echo Bruff (2019: 375), who claimed that 'neoliberalism is fundamentally about the coercive, nondemocratic, and unequal reorganisation of societies'.

Our argument, thus, focuses not only on the role that the Turkish state plays in extending, constructing, facilitating, mediating and/or participating in markets. More importantly, it addresses how it effectively renders the rural space as a resource and people as human capital to be mobilised to developmentalist aims. In so doing, we aim to contribute to the literature on authoritarian neoliberalism, as well as the massive scholarly tradition on accumulation by dispossession.

From dispossession to dislocation

Building on Marx's (1977 [1867]) original formulation of enclosures and primitive accumulation, the conceptual framework of accumulation by dispossession (Harvey 2005) – with its various extensions, such as accumulation by decarbonisation (Bumpus and Liverman 2008), by conservation (Büscher and Fletcher 2015), by securitisation (Massé and Lunstrum 2016) and by contamination (Demaria 2010) – has gained renewed relevance in describing processes that (re)shape the space-state-capital nexus in a variety of settings within contemporary capitalism. Such reworkings of the concept can be taken to underscore its purchase as an analytical category, as this scholarship reveals how extra-economic forms of capital accumulation (*ie.* those outside of appropriation of surplus value through relations of production) are acquiring ascending significance.

Concomitant to the revamped literature on accumulation by dispossession, the concept itself has come under scrutiny and further elaboration. A main issue taken-up within this context relates to the protagonists of dispossession. Li (2014) and Hall (2013), for instance, point out that dispossession is not always carried-out by capital and/or the state, and that small producers themselves can initiate waves of dispossession. In particular, they draw attention to how aspiring small producers can be the ones enclosing forms of rural commons in efforts to take advantage of opportunities presented by the introduction of cash crops, and the asymmetric market dynamics whereby more successful farmers buy up the lands of the less successful ones. Furthering this line of critique, Li (2014) challenges the assumptions around the much-romanticized notion of small producers/farmers by illustrating that the small producer is not necessarily a defender of common property, nor is the field of rural economy one marked by the absence of market relations. Levien (2018), somewhat similarly, takes issue with understanding of capital as a monolithic category; instead, arguing that different processes of dispossession benefit different fractions of capital.

An equally important theme within this debate is related to the aftermath of dispossession. Hall (2013), for instance, takes issue with the assumption that dispossession leads to the conversion of (expropriated) means of production into capitalist property and formalisation of property rights. Li (2014), on the other hand, rightly criticises the functionalist readings of the concept of accumulation by dispossession, and challenges, in particular, the assumed link between dispossession and emergence of wage

labour. Arguing that the dispossessed masses are not automatically (or ever) incorporated into circuits of capital as wage labourers, she rather points to regimes of managing the dispossessed. In a similar vein, Read (2002) argues that both capital and wage labour are produced in the sense that the temporal and spatial coincidence of the two cannot be assumed *a priori*; and Hall (2013) emphasises that even when the dispossessed masses are eventually incorporated into circuits of capital, this often happens with a temporal and spatial discrepancy.

Perhaps a more fundamental point is related to what exactly constitutes dispossession. An implicit assumption within different operationalisations of the term is the suppression and transfer of existing (common) rights to resources – be it through privatisation or statisation, market mechanisms, or use of legal or extra-legal force. Li (2014), for instance, adopts quite an expansive definition of dispossession that includes forms of transfer of property rights through market exchanges, *eg.* stress sales of land. In Li's account, then, there is not much that distinguishes dispossession from the inequality-producing tendencies of market dynamics, or market transactions between private property holders that result in asset concentration. This is, however, in contrast to more conventional understandings of dispossession as expropriation of rights to different forms of social wealth held in common, drawing on Marx's original formulation of primitive accumulation. Yet, as Atasoy (2017) demonstrates, such expropriation can also take the form of commodification of lands and resources under state jurisdiction. Relatedly, dispossession does not only imply the suppression of (formalised) ownership rights, but includes the eradication of access and use rights that provide material and immaterial bases of (re)production. Seen in this light, dispossession is better understood, to paraphrase Sevilla-Buitrago's (2015: 1003) take on enclosures and dispossession, as a mode of spatial alienation that erodes social and material links that enable a 'community to produce itself as a work of its own'.

What we aim to do here is to further complicate the framework of accumulation by dispossession, building on the case of Turkey's contemporary developmental regime, along two interrelated dimensions. Firstly, in much of the literature on accumulation by dispossession, the role of the state is left unaddressed and/or implicitly assumed to be limited to

passing appropriate legislation.² Yet, in-practice, nation-states increasingly emerge as actors both choreographing a particular dynamic between markets and capital, and participating in processes of capital accumulation. In turn, comprehending how state involvement might imply logics beyond being mere tools at the service of capital in not only providing the conditions of dispossession but orchestrating – *ie.* building, participating in and mediating – a certain mode of accumulation, calls for a more comprehensive and analytical treatment of the roles assumed by the state. Tackling the role of the state more capaciously is all the more pressing within the context of authoritarian neoliberalism, as the restructuring of state powers widen and deepen its involvement within regimes of accumulation.

Secondly, in its recent uses, the notion of accumulation by dispossession has largely been divorced from the intertwined dynamics of the physical-spatial transformations and changing forms of labour that this process engenders. Dispossession, itself a territorial articulation organised within spatial mechanisms (Sevilla-Buitrago 2015), does not only imply a change in rights and control over resources, but also the form and objective of their use with obvious socio-spatial implications. More fundamentally, the literature on dispossession pays inadequate attention to how the dispossessed, on the one hand, and the means of (re)production they are alienated from, on the other, are mobilised within a subsequent regime of accumulation. Our point here is not only that the encounter of money and worker is contingent (Read 2002: 29), echoing the critical perspectives we summarised above, but that both the production of labour and capital as such, and their incorporation into circuits of accumulation, need to be organised and managed within spatial arrangements. This organisation and management can take a variety of forms under different political economic and regulatory regimes, including neoliberalism.

These two dimensions, on which the literature on accumulation is largely silent, are critical in explicating Turkey's contemporary developmental regime under authoritarian neoliberalism. Many scholars of Turkey's contemporary development have observed the qualitative differences that

2 A notable exception is Levien (2015), who argues that the state needs to assume an active role to ensure that dispossession is not contested, often through using a combination of coercion, legitimacy (*ie.* the perception that dispossession is instrumental for investments in public interest) and material concessions. While we agree with Levien's point, a more comprehensive and analytical treatment of the roles assumed by the state is required.

mark this era – be it in the way that capital-state relations are forged, the shifts in the structural composition of the economy, or the predominance of financialisation. But it is the ascent of extractive sectors, such as construction, energy and mining, that has been the hallmark of the AKP's regime of developmentalism. These revamped venues of accumulation are marked with the explicit and visible role that the state assumed in their restructuring, as a series of critical changes in the legal infrastructure – ranging from market liberalisation measures to centralisation of policy making – enabled their boom. The restructuring and liberalisation of energy markets were consolidated under AKP rule to open fields of energy investments previously beyond reach to the private sector, most notably coal and hydropower, buttressed by consistent relaxation of environmental legislation that could halt the development of the sector (Erensü 2017). In the case of construction, state expropriations of land for purposes of redevelopment and unlatching of public lands into construction investments were eased, triggering a new wave of land commodification and marketisation. Concomitant to the appropriation of space and resources inherent to the ascent of extractive sectors has been the proliferation of urban and environmental resistances, unprecedented in scope and public visibility. From the Gezi Uprising of 2013 (Arsel *et al.* 2019) to neighborhood resistances against gentrification, mobilisations against mega projects and rural revolts against mushrooming energy plants, the defense of rural and urban commons has been a common thread that social opposition has built on in this era .

Undergirding this 'neoliberal' turn was an authoritarian one that built on centralisation, top-down decision-making and use of coercion. Existing legislation was modified, eliminated and/or sidetracked through a heavy reliance on executive measures, such as governmental decrees and eminent domain – both within the context of urban governance (Tansel 2019) and that of rural land and environmental protection. Governmental decrees have been systematically utilised to amend land-zoning provisions and designated protection statuses to allow energy, construction and mining investments (Adaman and Akbulut forthcoming), or to provide legal exemptions for particular projects. Eminent domain, on the other hand, has become almost a commonplace practice under the AKP regime, with a total of 2,186 cases until the end of 2018, with an overwhelming majority of land expropriations carried out for construction, infrastructure or energy projects. As has been observed (Tansel 2019; Adaman and Akbulut forthcoming), such streamlining of social and economic decision-making

– often justified on grounds of executive efficiency – does not merely imply a centralisation of state powers but, more fundamentally, serves to block and/or preempt mechanisms of contestation and opposition. Perhaps the most egregious example of this is the AKP's systematic practice of shielding especially large-scale infrastructural projects from the environmental impact assessment (EIA) processes. Despite the fact that EIA is operationalised more as a bureaucratic formality than a genuine and democratic process, it had become a primary vehicle through which both civil society actors and local communities could mobilise opposition and public awareness.

That the ascent of construction, energy and mining coincided with the authoritarian turn under the AKP is no accident. These sectors rely fundamentally on the state's ability to claim and redirect land and resources effectively, while simultaneously insulating itself from contestation (Adaman *et al.* 2017), through direct expropriations (either ordinary or under eminent domain), revision of zoning designations and commercialisation of public lands (Atasoy 2017). The processes of dispossession under the AKP included not only a transfer of private property rights from small/subsistence producers to capital, but also the eradication of rights to common and public resources under dynamics of executive centralisation and top-down decision-making. In this sense, authoritarianism has been inherent to, and a prerequisite of, the contemporary regime of developmentalism in Turkey. It also served to block and suppress opposition – both by blocking existing venues of social contestation, and the heightened use of force against urban and environmental resistances and their continued criminalization under the rhetoric that they were orchestrated by forces acting against the country's progress and development (Adaman and Akbulut forthcoming).

Perhaps more importantly, the developmentalist appeal of these sectors was integral to reproducing the hegemonic project of the Turkish state. Within a context where the state has historically acquired consent to its claim to rule through the promise of modernisation via economic growth – constructed as the collective interest of the people – the symbolic and material significance of these sectors have garnered support and legitimacy. Construction, energy and mining projects initiated in this period have unexceptionally been framed as key contributors to economic growth, defended in terms of employment creation, and cast as endeavors that will benefit all. The authoritarian clamping-down was, thus,

effectively fastened to the developmental promise through which social support was achieved and grievances were pre-empted.

This accumulation regime, coupled with the rolling-out of the World Bank-backed liberalisation of agriculture through the Agricultural Reform Implementation Project (ARIP), led to new forms of dispossession and proletarianisation, massive rural-urban migration, and radical changes in the patterns of land use (Keyder and Yenal 2011). While this process suggests a familiar picture of accumulation by dispossession, we argue that it actually depicts a more complicated dynamic. We claim that a specific form of accumulation has gained prominence in contemporary Turkey, distinct in the interlinked flows of resources, capital and labour that it mobilises, which would only inadequately be described as accumulation by dispossession.

Instead, we propose the concept of *accumulation by dislocation*, to highlight that Turkey's contemporary developmental strategy relies heavily not only on the expropriation of resources (and space), but also on their dislocation and transformation. We use the term dislocation with the aim of capturing the spatial dynamics through which resources and labour are organised into circuits of capital and mobilised towards industrial urban centers. In doing so, we draw particular attention to (i) the shifts in prevalent forms of labour, (ii) the changes in the use of land and space, (iii) spatial arrangements that accompany the process and aftermath of dispossession, and (iv) the changing nature of the state's participation in accumulation processes. We argue that this regime of accumulation is a particular form of developmentalism, shaped under authoritarian neoliberalism.

While we claim that this dynamic is more broadly discernable as a regime of accumulation in contemporary Turkey, we will focus on the case of Artvin, a provincial region located at the Northeast corner of the country, to demonstrate our argument. Our analysis makes use of fieldwork conducted in the region intermittently between 2012-18, as well as in Western industrial centers Bursa and Kocaeli, which have been primary destinations of migration flows out of the region.³ While the initial impetus

³ The first round of the field study was conducted in October 2012, followed by three more rounds in August-September 2013, May 2014 and January 2018, respectively. The field study comprised in-depth interviews held with locals residing in the region, as well as those who had migrated to Bursa and Kocaeli. A total of 42 interviews were held. We would like

for our focus in the region was provided by the widespread local resistances against hydropower plants (Akbulut *et al.* 2018), the qualitative data we employ here builds on an expanded analytical and empirical scope that includes in-depth interviews and participant observation. Interviews were conducted between 2012 and 2018 with local residents, administrators and environmental activists, in addition to locals who migrated to Western industrial centers.

Dislocating nature, shifting people: The case of Artvin

I cannot help but wonder if the actual issue is to de-populate the region as a whole. In order to use the water more freely, to extract the mines more easily (Yıldırım, Mayor of Ardanuç 2012).

We were doing fieldwork in the region in 2012 on local resistance movements against small-scale hydropower plants when we were struck by the words of the mayor of Ardanuç, an eastern township of Artvin provincial region, quoted above. The mayor was referring, first and foremost, to the micro-hydro power plants (HPPs) that had mushroomed in the region after the energy market liberalisation of the mid-2000s (Adaman *et al.* 2016). But he was also appealing to a broader dynamic by which the heightened flow of extractive investments into the region was dismantling the conditions that sustained rural communities and pushing them out in seeking livelihoods in urban centers; that ‘they are taking everything away from the people but doing nothing to maintain them in the region’. Similar remarks were repeated by an environmental lawyer/activist from the region two months later, during a workshop we held in Istanbul, where he framed the interlinked processes of environmental destruction and hydropower development as a more comprehensive – and intentional – project of ‘depopulationisation’ in order to convert Artvin into a region that ‘spits out’ raw materials, rather than a space where communities live.

Artvin has been the target of intensive hydropower development and mining investments for much of the Republican history, but more pronouncedly within the last decade. In addition to the three big dams associated with the gigantic Çoruh River Basin Development Plan and

to thank Umut Kocagöz and Tilbe Akan for providing valuable research support during the field study.

enormous Yusufeli Dam expected to be completed by the end of 2020, the liberalisation of Turkey's energy market made the region a hotspot for small-scale hydropower investments. These small-scale, diversion type run-of-river hydropower plants –which re-route streams to a suitable height by covered channels, from where they are dropped on turbines – mushroomed after the mid-2000s. There are around 100 planned HPPs within Artvin provincial area, of which 28 are operational and seven are under construction, in addition to more than 14 that are in various stages of licensing.⁴ While the construction and operation of HPPs do not require large tracts of land, their impact on the local availability of water has been critical, not least due to the appropriation of streams at their source and building of several consecutive plants on a given stream. Reduced water availability, in turn, did not only hurt market-oriented irrigated farming, but also subsistence production and livestock grazing due to its reportedly adverse impacts on pastures.

The region's hydraulic potential is matched by its mineral wealth, in particular gold and copper. Numerous mining projects – mostly at exploratory stages – are ongoing, some of which have gained high public visibility, such as the contested Cerrattepe gold mine. According to the General Directorate of Mineral Research and Exploration (MTA in its Turkish acronym), there are 11 active mines and 22 confirmed deposits within the provincial region.⁵ While exact figures on land use by mining are notoriously difficult to obtain, 39.5 percent of all land within the provincial region had been licensed to mining companies as of 2016, adding-up to almost 300,000 hectares under 153 licenses.⁶ It is safe to assume that this figure has only increased since then. For instance, in 2019, news broke of two large mining concessions – approximating 3,500 and 4,000 hectares, respectively – being given to companies known to be close to the government.⁷ Finally, this rush to hydropower and mining has taken place against the backdrop of massive out-migration, as 5-7 percent of the province's population migrated every year from 2008 to 2018.⁸

4 <https://www.enerjiatlasi.com/sehir/artvin/>.

5 <https://www.mta.gov.tr/v3.0/sayfalar/hizmetler/maden-haritalari/artvin.pdf>.

6 <https://www.birgun.net/haber/dogu-karadeniz-deki-6-kentin-yuzde-38-7-si-madenlere-ayrilmis-108546>.

7 <https://www.artvinden.com/artvin-hod-maden-projesinde-halkin-katilim-toplantisi-yapilacak/>, and <https://www.gazeteduvar.com.tr/gundem/2019/08/30/cengiz-ve-kalyoncu-artvinde-yeni-maden-sahasi-acacak/>.

8 Data compiled by authors from address-based population registry system.

That the influx of energy and mining capital often implies large scale dispossession of rural producers is now well discussed. Yet, we claim that the dynamics we observe point to something more than dispossession that cannot be adequately captured by it. We argue, in particular, that they comprise an accumulation regime that dislocates and mobilises labour, raw materials and energy from the region to centers of industry predominantly, but not exclusively, in Western Turkey. We call this regime *accumulation by dislocation*, rather than dispossession, for two interrelated reasons. Firstly, the term points to the spatial mechanisms through which resources and labour are organised into circuits of capital. It also complicates the notion of dispossession by shedding light on forms of alienation that fall outside of direct dispossession of producers from means of (re)production, as we demonstrate below. Secondly, the term highlights the aftermath of the moment of expropriation – *ie.* what happens to the expropriated means of production and dispossessed, through which mechanisms and towards which ends they are mobilised and managed.

Below, we focus on three dimensions to further explicate how this regime of accumulation unravels: (i) the shifts in the forms of labour in which the dispossessed producers engage, (ii) the changes in the spatial arrangements that accompany the process and aftermath of dispossession, and (iii) how the flows of different elements of accumulation (energy, labour and resources) are choreographed by the Turkish state through construction of markets and incentive mechanisms.

Forms of labour

Our interviews, both in Artvin and industrial centers like Bursa and Izmit, illustrate that extractive investments in the region have triggered a switch from subsistence-oriented activities to wage labour. Mirroring the general pattern in the region, the majority of our interviewees used to significantly rely on farming and livestock production, often with limited market-orientation, yet complemented them with some form of paid employment. With the influx of hydropower and energy investments, many were forced to switch to wage-labour as their sole source of livelihood, as they had been separated from their means of (re)production, such as land and water.

This separation took more variegated forms than the literature on accumulation by dispossession suggests. While the most evident mechanism within this context is land expropriations tied to extractive

investments, a less visible – but possibly more prevalent – dynamic is the dismantling of the conditions of production and subsistence by their indirect impacts. The reduced availability of water with the construction of HPPs had adverse impacts on small-scale agriculture and livestock production, leading many to give up livelihood activities. Furthermore, the noise and pollution associated with construction, together with micro-climatic changes, disrupted beekeeping, a prevalent source of livelihood, where many interviewees reported lost hives. These cases illustrate a form of separation through a dislocation from the spatial conditions of production and subsistence, rather than a direct dispossession from the means of production. Extractive investments dislocated and ultimately dispossessed the rural communities through undermining the (spatial) conditions of their (re)production and many have sold their land and other assets as they switched into wage labour. One of our interviewees' remarks about the expected impacts of a planned HPP project in her village in 2012, summarise what already had occurred, and was expected to happen, more broadly in the region:

Water is everything here [...] If they build [the HPP], there won't be any produce in the garden, there won't be any water in the pastures. If the pastures dry out, there won't be any hay to give to the livestock; if the grass dries out, that will put an end to livestock. If livestock ends, I'm asking you, how are we going to make money? If the water ends, we all end.

While some found employment locally in hydropower and mining projects, often as temporary staff or in subcontracting firms during construction phases, most moved to urban centers in the West or within the region seeking paid work. Significant outmigration occurred, first triggered by land expropriations associated with large dams (most notably the Yusufeli dam, displacing around 20,000 people) and perpetuated by the more recent wave of HPPs. Our interviewees framed migration as the adopted coping mechanism when bases of livelihoods were eradicated and wage labour became the only viable option. Yet migration does not guarantee or automatically imply incorporation into wage labour. Some of our interviewees had found paid employment and a few had established small businesses, but these seem to have been short-lived and precarious. In addition, migration to urban centers was not an opportunity equally available to all: both the mobility it presupposes and possibility to find employment in its aftermath, require access to networks and resources. As

succinctly put by one of our interviewees, ‘if you don’t have the chance to go anywhere else, you stay and fight [against the HPP]’.

In pointing to the changes in forms of labour, we do not imply a kind of functionalism that Li (2014) criticises as a teleological trap. In other words, we do not claim that dispossession had been undertaken explicitly and intentionally to create wage labour for fractions of capital that has benefited from the immediate processes of dispossession. While some of the dispossessed have, indeed, been incorporated into local circuits of capital as wage labourers, this has been more a strategy to preempt local resistances employed by energy and mining companies. Our argument is not about an inherent and intentional direction of this process: the separation of rural producers from their means of (re)production forced them out of their traditional networks and bases of livelihoods and subsistence, making them more dependent on wage labour. In this sense, following the original formulation by Marx, as well as later work on the continuous character of enclosures (*eg.* De Angelis 2004), we see the defining point of changing forms of labour arising from dispossession as less the moment of being incorporated into wage labour, than having to rely (to an increased extent) on the sale of labour power to secure one’s livelihood.

What the concept of dislocation opens-up for us is the spatial organisation of the separation from means of (re)production and its aftermath. This organisation reveals a specific dynamic by which the dispossessed are not directly or automatically absorbed into circuits of capital within the region (echoing Read [2002], Hall [2013] and Li [2014]). Rather, they are dislocated and mobilised to urban centers as potential or actual wage labourers, in precarious or secure conditions. While it is difficult to pinpoint the exact targets of this movement, our interviews and migration statistics suggest that industrial centers in the West – such as Bursa, Istanbul and Kocaeli – have been the primary destinations precisely due to the potential of finding paid employment in industry.

Rearrangement of space

The revamped literature on accumulation by dispossession has paid only scant attention to the spatial processes through which resources are converted into capital and, subsequently, incorporated into circuits of accumulation. This lack of attention, as we discussed earlier, risks

overlooking the physical-spatial transformations wrought by the dynamics of dispossession.

The case of Artvin is a vivid demonstration that dispossession implies a change in the form and objective of the use of the means of reproduction, with obvious socio-spatial implications. Land use in the region has changed dramatically as lands previously devoted to subsistence and/or small-scale market-oriented farming are now devoted to raw material extraction and energy production. That around 40 percent of the province's area is licensed to mining companies is illustrative in this respect. Another striking example is the land expropriations associated with the massive Çoruh Basin Development Plan. The Yusufeli Dam alone required 864 hectares to be expropriated, whereas lands expropriated for the three completed dams totaled up to approximately 1,000 hectares, more than 80 percent of which had been used for agricultural purposes (Bahçalı *et al.* 2017).

This staggering shift in land use happened within an approach that crystallised during the AKP era, best encapsulated in the words of Taner Yıldız, who served as the Minister of Energy and Natural Resources between 2009-15: 'we prefer [what is] beneath the land if it is richer than [what is] above it'.⁹ Recited numerous times by our interviewees, the Minister's statement points to the predominance that economic rationality gained in approaching land, where it is framed as a resource that should be allocated to its most economically valuable use, based on a calculation of costs and benefits, *ie.* economisation (Madra and Adaman 2014). This allocation has been organised and realised indirectly by the Turkish state, where it set up markets and incentive mechanisms that would bring about a redirection of land to energy and mining investments and away from the subsistence use.

A second, and interwoven, dynamic that the case of Artvin suggests is the *dislocation* of energy and extracted resources away from the region. Much like labour, energy and resources produced in the region have not been incorporated into immediate circuits of capital, but rather mobilised towards industrial centers, often in the West. While detailed data to demonstrate this movement is very difficult to acquire, we provide a few

⁹ https://www.tbmm.gov.tr/develop/owa/haber_portal.aciklama?p1=115186, authors' translation.

illustrations.¹⁰ The ratio of energy-produced to energy-consumed for the provincial region is 935 percent, which points to a huge energy surplus directed outside.¹¹ In this respect, Artvin is in stark contrast to Western industrial centers – such as Bursa (61 percent), Kocaeli (23 percent) and Istanbul (14 percent) – which emerge as energy importers. Such an outflow seems to be the case also in mining: although data on the flow of mined materials or the profits of mining firms are not available, the few big investors happen to be capital groups known to be close to the government and headquartered in Istanbul.

Our argument is not about the direction of this flow *per se*, but rather that a specific spatial organisation has been inherent to this accumulation regime. The case of Artvin demonstrates that the incorporation of resources into circuits of accumulation cannot be presumed; rather, it needs to be organised and managed, often with spatial arrangements. We claim that this process took a specific form, in which energy and extracted resources (together with labour) have been mobilised away from the region and towards urban industrial centers. It is this form and organisation that we capture by the term ‘accumulation by dislocation’.

Role of the state

The case of Artvin illustrates the layered and multiple roles that the Turkish state plays in building, participating in and mediating the processes of accumulation by dispossession. The state does not only expropriate resources acting on behalf of capital, but also – and more importantly – introduces dynamics that alienate rural communities from the spatial conditions of their (re)production. As we discussed earlier, a more pervasive dynamic of dispossession within the context of Artvin was brought by the restructuring of energy and mining sectors that have culminated in processes alienating small producers from the territorial basis of their livelihoods – not through their direct expulsion from land, but rather by undermining the spatial conditions of their (re)productive activities. In this sense, the Turkish state emerges as an actor that sets the stage for dispossession, as much as one that directly carries it out, through

10 Neither the names of mining and energy companies operating and/or licensed to operate within the region, nor their sales data, are public. Access to information requests on the issue have also been systematically denied by the AKP government.

11 <https://www.enerjiatlasi.com/sehir/>.

constructing markets and appropriate incentive mechanisms. Relatedly, the state's role in extending commodification is not limited to directly embedding rural resources – such as land and water – within market dynamics, but also includes the choreographing of markets and capital in specific ways that enable (further) commodification.

The Turkish state's role in the aftermath of dispossession is similarly an orchestrating one. As the case of Artvin illustrates, the automatic or immediate absorption of labour and resources into circuits of accumulation cannot be assumed *a priori*. They have neither been incorporated into the same circuits of capital accumulation, nor have they been absorbed by the fractions of capital that have benefitted from dispossession. The dispossessed and resources from which they are alienated have been mobilised into circuits of accumulation through the state's constellation and mediation of markets, viz. those for labour power, land, energy and extracted minerals, and its establishment of conditions conducive for their institutionalisation.

Furthermore, a particular spatial dynamic has been built into this process, as labour and resources have been dislocated away from their immediate surroundings and mobilised towards industrial urban centers. As we have illustrated above, migration to urban centers, primarily industrial cities in the West, has been concomitant to the alienation of rural communities from their means of (re)production, and the resultant switch from subsistence production into wage labour. Our interviews and desktop research suggest that energy produced and minerals extracted in the region are similarly shifted elsewhere, predominantly the West. This spatial dynamic has been driven by broader processes produced and mediated by the Turkish state, including the comprehensive wave of agricultural liberalisation with the roll-out of ARIP; ongoing eradication of rural infrastructure and extensive commodification of rural commons; and labour market policies that incentivise various forms of precarious employment. In turn, it has 'energised' and enabled the commodification of land and housing, which gained an unprecedented 'effectiveness' with the executive centralisation in urban settings (Tansel 2019), as it transported the energy and labour power that underlie the construction boom in urban centers.

What makes the case of Turkey distinct is that this orchestrating role of the state intimates a particular form of developmentalism shaped under authoritarian neoliberalism. The Turkish state has not given up on its claim on developmentalism, as modernisation and progress through rapid

economic development continues to be the strongest ideal that marks state-society relationships (Arsel 2005; Adaman *et al.* 2017). As such, it forms the most important basis through which the state can represent itself as a neutral actor embodying the collective interest of society and eliciting consent to its claim to rule (Akbulut *et al.* 2018; Akbulut 2019; Adaman and Akbulut forthcoming). This points to the fact that states, while participating and mediating accumulation processes, can become actors beyond passive instruments of capital – instead, holding motivations that pertain to the reproduction of their own existence and legitimacy.

Yet, the realisation of this project in contemporary Turkey is discernibly different than that found in traditional developmentalism. On the one hand, rather than a Rostowian logic of explicit state action directing resources to particular ends, the Turkish state emerges as a choreographer that establishes markets, incentives and participant actors, and indirectly mobilises labour, resources and capital from the countryside to industrial centers. Inherent to this choreography is the rendering of rural space as a resource and people as human capital to be allocated where it will be most efficiently used – *ie.* the economisation of economic, political, social and ecological spheres. On the other hand, increased centralisation, heavier reliance on the executive, and immobilising social contestation under authoritarianism have, together, allowed the Turkish state to move much more effectively and rapidly in constructing and mediating markets. It is in this sense that accumulation by dislocation emerges as a regime of developmentalism under authoritarian neoliberalism.

Conclusion

In the summer of 2015, a new wave of environmental resistance was sparked by the AKP's proposed Green Road project that would span the Northern coast of the country. A 2,600 km-long highway to connect the plateaus of eight provinces with tourism centers planned in 40 different locations along the route, the Green Road was defended, unsurprisingly, as a regional development project by the government. Yet, it was fiercely opposed by activists and locals, who said it would destroy traditional grazing routes and disrupt beekeeping. In addition to taking direct action (occupying the planned itinerary in tents) and initiating legal struggle, the activists started floating the idea that the younger generations still living in the region should take-up animal grazing as their livelihood *en masse*.

For them, it represented a way of reclaiming the land and reproducing the material basis of their link to rural space. It was framed as reversing the dislocation of rural communities that had paved the way for such a destructive project in the first place; it was a strategy to *relocate* and enable resistance through relocation.¹²

This anecdote speaks to how resistance and struggle have been shaped in response to processes of dislocation engendered by Turkey's contemporary developmental regime under authoritarian neoliberalism. We have used the term 'accumulation by dislocation', rather than dispossession, to explicate this regime for two interrelated reasons. Firstly, the term points to the spatial mechanisms through which resources and labour are made elements of accumulation. It complicates the notion of dispossession by shedding light on forms of alienation that fall outside of direct dispossession of producers from means of (re)production. We have argued that, within this context, an emerging dynamic has arisen from processes dismantling rural communities' conditions of subsistence/existence and dislocating them from their means of (re)production without directly expropriating them. This dynamic entails not only the liberalisation of agriculture and consequent loss of income from farming ('the push factor', according to Adaman *et al.* [2019]); more importantly, it also involves spatial-environmental impacts triggered by extractive projects which destroy the basis of livelihoods and dislocating producers by pushing them to pursue wage labour.

Secondly, the term directs our attention to the aftermath of the moment of expropriation, *i.e.* what happens to the expropriated means of production and dispossessed, the mechanisms through which they are managed, and the ends to which they are mobilised. We have argued that their incorporation into circuits of accumulation took a specific spatial form in Turkey, in which they have been dislocated from their immediate surroundings and mobilised towards urban centers. This form has been organised and managed by the Turkish state under neoliberal authoritarianism: it depended, on the one hand, on a constellation of markets, incentives and participant actors that mediated the flows of labour, materials and energy. On the other hand, this particular constellation was enabled by increased centralisation, heavier reliance on

12 Personal communication with the first author.

the executive, and the blocking-off of social contestation under authoritarianism.

The notion of ‘accumulation by dislocation’ also serves as an entry-point to illustrate the active role that states can play within this context. We have demonstrated that the Turkish state cannot be seen as a passive instrument at the service of capital. Rather, it is a mobiliser of a specific developmental paradigm, in which flows of capital, materials, energy and labour are marshalled to specific ends via the construction and organisation of markets. Relatedly, we have argued that this process reproduced the Turkish state’s hegemony more broadly by eliciting consent to its claim to rule. This points to the need for a more nuanced treatment of the role and logic of state involvement in processes of accumulation by dispossession.

While our argument builds on the specific case of Artvin and the contemporary form of developmentalism in Turkey, the regime of accumulation by dislocation is neither historically novel, nor unique to contemporary Turkey. As the notion complicates the framework of accumulation by dispossession, it can, indeed, be applied more broadly to explicate dynamics so far inadequately captured within this framework, *eg.* various forms of managing the production of labour and capital as such, along with their incorporation into circuits of accumulation. Perhaps more importantly, the notion sheds light on aspects that have arguably gained more global pertinence with the rise of authoritarian neoliberalism and continued appeal of developmentalism – namely, the changing logic and form of state involvement in accumulation processes.

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FROM POSTER BOYS TO BLACK SHEEP: AUTHORITARIAN NEOLIBERALISM IN HUNGARY AND POLAND

Adam Fabry

Contrary to the predictions of many progressive scholars and activists (Klein 2008; Stiglitz 2008), the 2008-9 Global Financial Crisis (GFC) did not lead to the death of neoliberalism. Instead, the last decade has seen the deepening of austerity measures, the increasing commodification of the commons, the ascendancy of ‘authoritarianism’ and ‘illiberalism’, and the growing racialisation or ethnicisation of class inequalities across the world. Some of the most conspicuous examples of these dark developments can be found in Central Eastern Europe (CEE).

Hungary stands out as a vanguard state. Since 2010, Prime Minister Viktor Orbán has consolidated a hard-right regime, in which constitutional checks and balances are virtually non-existent, the independent media, trade unions, and civil society groups are constantly harassed by government authorities, minority groups and refugees suffer from institutionalised racism, and the ruling Fidesz party and its oligarchs control nearly all public institutions and increasingly large parts of the economy (Fabry 2019; Scheiring 2020). Against this background, political scientists have characterised contemporary Hungary as an ‘elected autocracy’ (Ágh 2015), a ‘hybrid, competitive authoritarian regime’ (Bozóki and Hegedűs 2018), or an ‘illiberal democracy’ (Buzogány 2017; Rupnik 2012; Szelényi and Csillag 2015; Wilkin 2018).

Under the nationalist-conservative Law and Justice Party (PiS) government, Poland has been following a similar, though not identical path, fuelled by the revolt of disgruntled working-class and rural

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constituencies against post-socialist liberal elites (Kalb 2018; Przybylski 2018; Sata and Karolewski 2020; Smiecinska 2020). Since 2015, PiS has pushed through a number of highly controversial measures, from abolishing the independence of the Constitutional Court, through turning the state media into a propaganda outlet of the government, to introducing a near-total ban on abortion. At the same time, the PiS promotes ‘welfare chauvinist’ social policies: increasing welfare benefits for heteronormative Polish citizens, while attacking LGBTQ people and withdrawing welfare support from foreigners.

Under billionaire-turned Prime Minister, Andrej Babiš, Czechia has also started to show signs of ‘democratic de-consolidation’ (Bustikova and Guasti 2017), although this has not led to a full-blown illiberal turn so far (Bustikova and Guasti 2017; Hanley and Vachudova 2018; Havlík and Hloušek 2020; Pehe 2018). Finally, in Slovakia neoliberalism and authoritarian populism have long-coexisted together, often in hybrid forms (Dostal *et al.* 2018; Haughton 2001; Fisher *et al.* 2007; Makovicky 2013), although it has so far not returned to an illiberal state formation.

Drawing on Antonio Gramsci (1973) and Stuart Hall (1979, 1980, 1985), as well as more recent writings on the contested relationship between neoliberalism and democracy (Berberoglu 2020; Biebricher 2015; Bruff 2014, 2016a, 2016b; Davidson and Saull 2017; Kiely 2017; Tansel 2017), this article argues that the ‘illiberal revolution’ (Krastev 2018) in CEE is a symptom of a wider shift towards ‘authoritarian neoliberalism’ (Bruff 2014, 2016a, 2016b; Tansel 2017). This turn is characterised by the fusion of radical right-wing populism *and* the deepening of neoliberal policies and practices (often against economic rationality) through coercive and/or legal measures by governments. The article concentrates on the relationship between authoritarianism and neoliberalism in Hungary and Poland, which have emerged as models of illiberalism (Kalb 2018; Krastev 2018; Scheiring forthcoming). However, it also presents some illustrative examples from other countries in CEE to reflect on broader trends toward authoritarian neoliberalism in the region.

Before analysing these developments in further detail, I will clarify what I mean by the term ‘neoliberalism’. Despite decades of use, neoliberalism remains a contested term. Attempts to decipher the term have been further complicated by the fact that, until recently, very few people were willing to describe themselves as ‘neoliberal’ (for exceptions, see Bowman 2016; Pirie 2014). In this article, neoliberalism does not represent a ‘rascal

concept' (Peck *et al.* 2010), neither is it limited to a strict set of economic ideas or policies (Kozul-Wright and Rayment 2007; Palley 2005; Stiglitz 2002), or the machinations of a secretive, but highly influential 'thought collective' (Mirowski 2013; Mirowski and Plehwe 2009). Rather, I perceive it in three mutually interrelated ways.

Firstly, I see it historically as a loose, and, at times, contradictory ideology, combining a strong commitment to market 'self-regulation', monetarist analysis of inflation, and supply-side theory, with promotion of state intervention to correct market failures and expand market mechanisms to all areas of society (Dardot and Laval 2013; Howard and King 2008; Peck 2010; Turner 2008). Given the focus of this special issue of *JAPE*, it should be emphasised that neoliberalism emerged as a reaction *against* the crisis of classical liberalism during the interwar years *and* the advancement of different intellectual movements that promoted the democratisation of the economy – from Keynesianism and social democracy, through market socialism, to Latin American structuralism. Hence, already from its birth, neoliberalism was characterised by a strong aversion to popular democracy and attempts to limit it through different forms of authoritarian rule (Biebricher 2015; Brown 2015; Kiely 2017). This view is shared by contemporary right-wing populist parties and movements, from the Austrian Freedom Party (FPÖ), through Geert Wilders' Party for Freedom (PVV), to Alternative for Germany (AfD), despite their anti-establishment rhetoric (Hendrikse 2018; Slobodian 2018).

Second, I perceive neoliberalism as a class project, aiming to re-establish the conditions for capital accumulation following the global crisis of the 1970s (Davidson 2010, 2018; Duménil and Lévy 2004). Thirdly, I identify neoliberalism with the current phase of global capitalism, characterised by a structural re-orientation of the state towards export-oriented, financialised capital, open-ended commitments to market-like governance systems, privatisation and corporate expansion, and deep aversion to social collectives and the progressive redistribution of wealth on the part of ruling classes. (Cahill 2014; Davidson 2010; Saad-Filho 2010). Since gaining increasing traction among ruling classes in the advanced capitalist states in the 1970s, neoliberalism has 'rolled out' across the world in different phases (Peck and Tickell 2002), resulting in 'variegated neoliberalisms', depending on the intensity of external constraints, domestic intellectual and political support for neoliberalisation, and the level of resistance by organised labour (Ban 2016; Davidson 2017; Macartney 2011). While conservative governments and intellectuals

played a decisive role in the roll out of neoliberal reforms in the late 1970s and throughout the 1980s, neoliberalism cannot simply be equated with the ‘rise of the New Right’. Indeed, between the early 1990s and the late 2000s, reformist governments and intellectuals played a key role in consolidating neoliberalism into a coherent programme (Bockman 2011; Davidson 2017; Howard and King 2008).

Against this background, the argument in this article is articulated as follows. Section one offers a critical review of the literature on illiberalism in CEE. Section two discusses the contested history of neoliberalism in the region between 1990 and 2009. It is argued that this period saw the emergence of a ‘new regime of accumulation’ (Overbeek 1993; Pijl 1998) based on foreign direct investment (FDI) and export-led growth. This process was promoted by international financial institutions (IFIs), such as the International Monetary Fund (IMF) and the World Bank, multinational corporations (MNCs), and neoliberal think-tanks, but was also widely embraced by domestic economic and political elites. While neoliberal policies brought large amounts of foreign capital to the region from the mid-1990s onwards, the socio-economic consequences of neoliberal restructuring were disastrous. Although the FDI-led growth model showed increasing limitations by the early 2000s, governments in the region pushed ahead with sweeping neoliberal reforms in order to attract foreign capital. While this contributed to a credit-led boom between 2002-7, it left the CEE economies highly vulnerable to the GFC. Section three examines the authoritarian neoliberalisms emerging in since 2010, showing how the Fidesz and PiS governments have attempted to consolidate a new regime of accumulation – combining some of the central tenets of neoliberalism with ‘authoritarian-ethnicist’ discourses and practices that seek to co-opt, coerce, or manufacture consensus among subaltern groups in society against alleged ‘enemies’ of the nation. Finally, the concluding section discusses the strengths and weaknesses of authoritarian neoliberalism, and considers the future prospects of progressive change in the region.

Theorising the ascendancy of authoritarianism in CEE from a critical political economy perspective

Political scientists normally define ‘authoritarianism’ as a system of government in which power is practiced ‘from above’ (without citizens being consulted through periodic free and fair elections) (Heywood 2017),

whereas ‘illiberalism’ is defined as a system of government in which civil liberties and political rights are *formally* recognised, but routinely ignored by political leaders (Zakaria 1997). However, as Glasius (2018) notes, while regime-based definitions might help us to explain *how* governments came to power, they are not very helpful in explaining ‘what they do once they are in power.’ Thus, the regimes of Bolsonaro, Duterte, Modi, Orbán, and Trump are not formally considered authoritarian, since they have all been (relatively) freely and fairly elected. Against this background, this article employs a ‘practice perspective’: differentiating between *authoritarian practices*, conceived here as ‘patterns of action that sabotage accountability to people over whom a political actor exerts control, or their representatives, by means of secrecy, disinformation and disabling voice’, and *illiberal practices*, which ‘refer to patterned and organised infringements of individual autonomy and dignity’ (Glasius 2018: 517). Although authoritarian and illiberal practices might overlap in political life, the difference lies in the type of harm effected: authoritarian practices primarily constitute a threat to democratic processes, while illiberal practices are primarily a human rights problem.

For most liberal commentators, the ascendancy of authoritarianism in CEE has come as a surprise. One exception is the Bulgarian political scientist, Ivan Krastev, who in 2007, three years before Orbán returned to power in Hungary, argued that liberalism had ‘come to an end’ in CEE (Krastev 2007). As Krastev (2007: 57) noted:

Dissatisfaction with democracy is growing [...] The picture is bleak and depressing. The liberal parties founded by former dissidents have been marginalised, the liberal language of rights is exhausted, and centrism and liberalism are under attack both as philosophy and as political practice. The new hard reality in Central Europe is political polarisation, a rejection of consensual politics, and the rise of populism.

While Krastev believed that democratic backsliding in CEE was part of a wider trend in the European Union (EU), more recent liberal accounts have described it as a unique process, unrelated to wider, structural trends in the capitalist world economy. Authors have proposed a plethora of causal factors: the problems of ‘historical legacies’ (eg. the persistence of feudal cultural values, the extent of economic integration with the West and pro-market reforms introduced prior to 1989, and the limitations of post-communist party systems, as manifested by the lack of real elite change following the transition) (Pop-Eleches 2007; Pridham 2014; Csepeľi and Prezsák 2011; Kis 2013); increasing political polarisation and the rise of

‘populism’ (Enyedi 2016; Krekó and Enyedi 2018); and the purported personal characteristics of CEE political leaders, such as Babiš, Kaczynski, Orbán, and the extent to which they diverge from alleged liberal democratic norms (Bozóki 2015; Innes 2014; Lendvai 2018). Commenting on Hungary, sociologist and former liberal politician, Bálint Magyar, has argued that the Orbán regime represents a ‘post-communist mafia state’, in which the Prime Minister acts as a contemporary *Padrino*, using his personal authority to promote his own economic interests and those of his actual and ‘adopted’ family members (*ie.* ‘oligarchs’ who use their connections with the regime to accumulate wealth) (Magyar 2016).

Such accounts are problematic on several grounds. First, they are generally based on ideal-types, assuming (incorrectly) a sharp, theoretical division between (neoliberal) capitalism and authoritarian (and far-right) politics. However, such a conceptual framework overlooks the brutal history of neoliberalisation in CEE and the former USSR, let alone elsewhere in the world (Davidson and Saull 2017; De Smet and Bogaert 2017; Hanieh 2013; Springer 2017). Moreover, it also fails to explain the role of centre-left parties in the rise of authoritarian politics in the region. Second, in light of recent findings in the *Panama* and *Paradise Papers*,¹ the argument that ‘corruption’ or ‘state capture’ would somehow be limited to post-communist regimes (rather than being a *systemic* feature of capitalism) seems questionable at best,² or, at worst, echoes Orientalist attitudes.

Seeking to overcome these shortcomings, a new critical political economy literature has emerged in recent years, which situates the rise of authoritarianism in CEE within the context of a new stage of neoliberal capitalist accumulation in the wake of the 2008-9 crisis (Éber *et al.* 2019; Fabry 2019; Scheiring 2020; Shields 2015; Toplišek 2020). These works build on the findings of anthropologists and qualitative sociologists, who have demonstrated how neoliberalisation led to the disintegration of a culturally and ideologically incorporated (but never fully unified) ‘state

1 The *Panama* and *Paradise Papers* are gigantic compilations of the financial and legal records of influential people and corporations, which exposes a system that enables crime, corruption and wrongdoing, hidden by secretive offshore companies. Available online: <https://offshoreleaks.icij.org/pages/database>.

2 Already in the early 1940s, the likes of Theodor Adorno, Max Horkheimer, and Friedrich Pollock suggested that capitalism was evolving into an era dominated by mafia-like networks of organised ‘rackets’ (Adorno and Horkheimer 2016; Pollock 1941; see also Granter 2017; Schulte-Bockholt 2006; Wilson 2009)

socialist' working-class along lines of ethnicity and status (Kalb 2018; Makovicky 2013; Petrovici 2010; Szombati 2018; Vetta 2011). According to Kalb (2018), the 'populist Right' that emerged in Poland and Hungary from the late 1990s onwards represents a genuine Polanyian 'counter-movement' against the negative socio-economic impacts of neoliberal restructuring, obediently promoted by cosmopolitan elites in Warsaw and Budapest. Declaring that they represent the interests of the 'differentially dispossessed classes of the transition' (post-peasants, workers, and aspiring, but frustrated small and larger property owners), this movement

ha[s] allied in rejecting the cosmopolitan outlook of a transnational capitalism served by comprador bourgeoisies and cosmopolitan governmental classes in the capital cities in favour of a national capitalism led by a provincial national bourgeoisie supported by an illiberal welfare state that champions the deserving working class and the working poor of majority stock against the threats from above and below (Kalb 2018: 309).

This article combines the findings of the above-mentioned scholars with the insights of Antonio Gramsci and Stuart Hall, both of whom have written extensively on the relationship between authoritarianism and capitalism. For Gramsci, the economic, political and ideological crisis facing the West during the interwar years stemmed from the pathologies of liberal capitalism, and not, as argued by neoliberal thinkers, the rise of collectivist political movements and state intervention, exemplified by Bolshevism and Fascism (Hayek 1944; Robbins 1934; Rueff 1934). According to Gramsci, ruling classes had two ways of responding to an 'organic crisis' or 'crisis of hegemony': the first was fascism, exemplified by Mussolini's Italy and Nazi Germany, which combined *dirigiste* economic policies with an authoritarian system of government promoting an expansionist nationalism. The second option was 'Americanism', represented by the US, which attempted to overcome the crisis of capitalism (rooted in the tendency of the rate of profit to fall) through the rationalisation and intensification of production ('Fordism'). Both options represented a 'passive revolution': an attempt by the ruling classes to preempt, deflect, or absorb external/internal pressures (*eg.* more advanced capitalist states and/or revolutionary struggles inside their respective states), by reconfiguring the economy and the state 'from above' to their advantage (Gramsci 1973; Thomas 2009; on the notion of 'passive revolution' in the former Soviet bloc, see Shields 2006; Simon 2010).

In the late 1970s and early 1980s, Gramsci's insights were developed by Stuart Hall to describe the 'authoritarian-populist' methods employed by the Thatcher government to neoliberalise Britain (Hall 1979, 1980, 1985). According to Hall, the breakdown of 'the corporatist consensus' in the 1970s – epitomised by the reformist politics of successive Labour governments – was rooted in the weaknesses of British capitalism in the face of the global crisis of capital accumulation. As a result, the balance of forces within the "unstable equilibrium" between coercion and consent which characterizes all democratic class politics' shifted 'decisively towards the "authoritarian" pole'. While this shift was organised 'from above', it was linked 'and to some extent legitimated by a populist groundswell below,' one that took the shape of 'moral panics' around issues like 'race, law-and-order, permissiveness and social anarchy' (Hall 1985: 116). These served to simultaneously disrupt the communities of solidarity on which anti-neoliberal movements depend and harness populist consent to displays of authoritarian governance that buttressed Thatcher's market-fundamentalist crusade. Recently, Hall's notion of 'authoritarian populism' has been applied to explain the strategies pursued by the Orbán regime since 2010 to consolidate a new regime of accumulation (Rogers 2020; Scheiring and Szombati 2020).

These insights are arguably helpful for making sense of the rise of authoritarianism in CEE and beyond in recent years. Following the GFC, neoliberalism has confronted its own legitimisation crisis, leaving ruling classes worldwide struggling to find solutions. While pragmatic Keynesian adaptations were initially the order of the day (particularly in the US and China), 'authoritarian neoliberal' solutions, based on 'the explicit exclusion and marginalisation of subordinate social groups through the constitutionally and legally engineered self-disempowerment of nominally democratic institutions, governments, and parliaments' in the name of economic 'necessity' (Bruff 2014: 115-6), have become the preferred solution of capitalist states worldwide. However, as the insights of Gramsci and Hall show, these are not necessarily novel developments, but rather represent a deepening of authoritarian tendencies inherent in capitalism. It is against this background that we seek to make sense of recent developments in the region.

The history of neoliberalism in CEE

Following the demise of ‘communism’ (or ‘state socialism’) in 1989, CEE policymakers gradually embraced neoliberal economic reforms, emphasising macroeconomic stabilisation, liberalisation of domestic prices and trade, privatisation, and the construction of a market-enabling legal framework. According to neoliberal economists, such measures would encourage inflows of much-needed foreign capital which, in turn, would contribute to strong economic growth and higher living standards (Blanchard 1991; Gros and Steinherr 1995; Lipton and Sachs 1990; Sachs 1994). While post-communist elites were generally amenable to neoliberal restructuring, their conversion was not always straightforward, and occurred in a context informed by economic and political coercion. This was exemplified by Western governments’ and IFI’s insistence on austerity and rapid privatisation as conditions for further loans, as well as extensive investment in the ideological underpinnings of neoliberalism, in particular by the EU, USAID, MNCs and think-tanks (Hardy 2008; Shields 2012; Wedel 1998; Zeniewski 2012).

The ‘engine of growth’ in transition economies, according to neoliberal theory, would be FDI (Hunya 1999; Kornai 1990; Lipton and Sachs 1990). To attract foreign investors, CEE governments promoted a wide-range of neoliberal policies, including flexible labour standards, direct state subsidies, generous tax incentives, low wages for a well-educated workforce, and the right to expatriate profits (Drahokoupil 2009; Mihályi 2001). Such measures brought relatively large inflows of capital to the region from the mid-1990s and the establishment of previously absent ‘complex industries’ (automobiles, electronics, manufacturing), which propelled export-led growth in the Visegrád (V4) states of Czechia, Hungary, Poland and Slovakia (Bohle and Greskovits 2012; Scheiring 2020). This said, there was little correlation between economic performance and FDI inflow. In 2007, FDI stock as a percentage of GDP was high in Hungary (69) and Czech Republic (59), but low in Poland (38) and Slovenia (22) (in comparison, the EU average was 40; China 9; the US 24; Japan 3) (Dale and Fabry 2018). Moreover, policies pursued by CEE governments discriminated in favour of MNCs and against domestic capitalists (Scheiring 2020: 141-50). As a result, by the early 2000s, key sectors of the V4 economies, including automobile, manufacturing, electronics, and energy, were dominated by foreign capital (Nölke and Vliegthart 2009: 683, Table 4).

Table 1: Foreign ownership of banks, 2007

Country	Percentage of assets held by foreign banks
Slovakia	99
Estonia	98
Lithuania	90
Bulgaria	85
Czechia	85
Poland	75
Serbia	75
Hungary	65
Latvia	65

Source: Based on data from Mitra *et al.* (2010: 50).

As Table 1 above shows, a similar trend was visible in the banking sector, with foreign (mostly Western) banks dominant. Due to the dominant role played by foreign capital in the V4 economies, Nölke and Vliegenthart (2009) have labelled the variety of capitalism emerging in these countries as ‘dependent market economies’, contrasting them with coordinated and liberal market economies.

Neoliberal restructuring also came at a high social cost. In the first decade after the transition, much of the region experienced an economic slump that was ‘comparable to that of developed countries during the Great Recession’ (Mitra *et al.* 2002). Even for the relatively robust Czech economy, it took 18 years to return to the ratio of GDP vis-à-vis the EU average that it had registered in 1989 (Holubec 2010: 46). Rather than offering a solution, the V4 economies’ extreme dependence on FDI deepened regional inequalities (Baláž 2007; Fink 2006; Lang 2015; Smith and Timár 2010). Making matters worse for those negatively affected by transition-associated adjustment, welfare provisions were strenuously cut by post-socialist governments – irrespective of where they stood on the political spectrum. The only country that bucked this trend was Czechia; between 1995 and 2003 social protection as a percentage of GDP *increased*

from 15.5 to 17.9 percent (Eurostat 2020). Faced with this assault on working class livelihoods, trade unions – divided along political lines and struggling with falling membership rates – were poorly positioned to resist the assault (Crowley 2008; Vanhuyse 2007).

By the early 2000s, the FDI-led growth model was running out of steam. On the one hand, privatisation revenues were diminishing as most of the ‘crown jewels’ had been sold off to MNCs in the 1990s. On the other hand, the attraction of additional FDI was becoming more difficult, due to growing inter-state competition, both regionally and globally (Bohle and Greskovits 2012: 141-6, 166-70; Drahokoupil 2009: 46-58). In response, CEE states introduced ‘avant-garde’ neoliberal reforms, including flat taxes, flexible labour markets, privatisation of energy, pensions, and water utilities, as well as (in the case of Czechia) fees for medical appointments (Appel and Orenstein 2018: 90-115; Švihliková 2011). Such reforms often exceeded recommendations by the EU or IFIs, but were welcomed by neoliberal think-tanks and MNCs (Appel and Orenstein 2018; Lapavistas and Research on Money and Finance 2010). Crucially, in Hungary and Poland, many of these avant-garde reforms were implemented by social-liberal governments (Appel and Orenstein 2018; Scheiring 2020) – a fact that the Right in these countries would frequently repeat to their electorates.

For a brief period, avant-garde neoliberal reforms seemed successful. Between 2002 and 2007, growth rates in the EU-10³ states averaged 6.7 percent, considerably higher than the EU-15 average (2 percent). The high growth rates were principally spurred by rising capital inflows. In the early 2000s, international banks were awash with funds and competed ‘aggressively’ with each other to lend to governments, firms, and households in CEE (Bakker *et al.* 2010: 4-7). Most of this lending was denominated in foreign currencies (which seemed reasonable at the time, given their lower interest rates compared to local currencies), as low- and middle-income groups sought to maintain their living standards following the transformational recession of the 1990s, or to buy new homes (Dale and Hardy 2011: 252).⁴ Capital inflows continued even after share prices

3 This refers to the ten post-socialist countries that joined the EU in 2004/6: Bulgaria, Czechia, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia.

4 In Hungary, this policy was actively promoted by the socialist-liberal government: by the end of 2007, roughly 50 percent of mortgage and personal loans were denominated in Swiss *francs*, while as much as 80 percent of all new home loans and 50 percent of small business

of investment banks and hedge funds began to fall in the US and Western Europe in late 2006 (Bakker *et al.* 2010: 6). No wonder most policymakers and international investors remained cautiously optimistic about the economic prospects of CEE economies. As late as October 2007, the IMF projected average GDP growth in CEE to fall moderately, from 6.4 percent in 2006 to 5.2 percent in 2008, claiming that ‘significant wage differential vis-à-vis Western Europe and strong productivity growth will continue to support the competitiveness’ of the region (IMF 2007: 91). However, as it turned out, the IMF’s projections were way off chart.

The GFC hit CEE along two channels (Dale and Hardy 2011). First, the global deleveraging that followed the collapse of Lehman Brothers meant that investors retreated to ‘safe havens’ in core capitalist states, making it more difficult for peripheral economies to finance sovereign debts. In Hungary, this led to speculative attacks on the *forint*, forcing the socialist-minority government to apply for financial assistance from international lenders (Andor 2009; Fabry 2011; Marer 2010). Second, as the financial crisis transformed into a ‘Great Recession’, demand for exports ceased, causing a downward spiral of falling production, trade and employment. Small, export-dependent economies, such as Czechia, Hungary, and Slovakia, registered sharp falls in exports, industrial production and economic output in 2009 (Connolly 2012; Dale and Fabry 2018; Myant *et al.* 2013). Only Poland bucked the trend. In 2009, its economy grew by 2.8 percent, partially thanks to its floating exchange rate (between August 2008 and 2009 the *zloty* fell by 30 percent, giving Poland a competitive advantage vis-à-vis Eurozone competitors, such as Slovakia). Its economy not being exposed to a credit bubble fed by foreign banks also helped soften the impact of the crisis (Dale and Hardy 2011: 255). Moreover, it ‘also benefited from a large domestic market and the presence of export sectors, such as automobiles, that benefited from anti-cyclical interventions to boost demand in Western Europe’ (Smith and Swain 2010: 4). This said, Poland’s ‘success’ masks high rates of poverty and unemployment, and growing wealth inequalities (Dale and Hardy 2011: 256; Shields 2012: 113-20).

credits and personal loans between 2006 and 2007 were in this currency. Similar patterns of heavy dependence on foreign currency-denominated loans were also visible elsewhere in the region, including in Croatia, Romania and the Baltic States, although the mix between *francs*, *euros*, *dollars* and the *yen* varied from country to country.

The ascendancy of authoritarian neoliberalism

The deployment of authoritarian state practices to protect and expand circuits of capital accumulation is, of course, *not* a new phenomenon. Indeed, from Pinochet's Chile to Africa, East Asia, Russia, and Mexico in the 1990s, neoliberalisation was only achieved through authoritarian practices (Harvey 2007; Klein 2007). However, following Tansel (2017), authoritarian neoliberalism differs from traditional authoritarian forms of government in two significant ways. On the one hand, it operates through a *pre-emptive* discipline. This serves to simultaneously insulate neoliberal policies by means of a suite of administrative, legal and coercive mechanisms, and also limits the space of popular resistance against neoliberalism (Bruff 2014). On the other hand, the practice is marked by a *significant escalation* in the propensity of the state to employ coercion and legal/extra-legal intimidation. This is complemented by 'intensified state control over every sphere of social life [... and] draconian and multiform curtailment of so-called "formal" liberties' (Poulantzas 1978: 203-4).

Such authoritarian neoliberal processes became increasingly evident in CEE following the GFC. Initially, the political response to the Crisis followed the established neoliberal script. Apart from Slovakia and, to some degree, Czechia and Poland, governments introduced further rounds of austerity measures, including reductions in wages and benefits, cuts in public spending on health care and welfare, and regressive tax and labour market reforms, in order to regain the trust of IFIs and foreign investors (Astrov *et al.* 2010; Becker and Jäger 2010; Myant *et al.* 2013). Although austerity measures were contested by trade unions in Czechia and Poland, the neoliberal consensus seemed to remain relatively unchallenged by economic and political elites. However, beneath the surface, public dissatisfaction with neoliberalism and liberal democracy was growing.

Hungary was first to veer off track. In 2010, at the height of the economic crisis, the national-conservative Fidesz party, led by Orbán, won a two-thirds supermajority, enabling it to pass constitutional reforms as it wished. Fidesz' victory was down to several factors. On the one hand, it was made possible by a protracted political crisis, triggered by socialist Prime Minister Gyurcsány's infamous 'lie speech'⁵ in September 2006 and the

⁵ The speech was delivered by Gyurcsány to the Socialist Party's congress in Balatonőszöd, held after the general elections in April 2006. In the speech, Gyurcsány admitted, using particularly foul language, that the socialist-liberal government had 'lied morning, noon, and

unpopularity of fiscal consolidation measures pursued by the socialist-liberal government in following years. On the other hand, the growth of Fidesz was due to its ability to extend its electoral base by appealing to disenfranchised workers under the banner of a more inclusive nationalism. As Scheiring and Szombati (2020: 6) explain, ‘Fidesz promised to reintegrate the national community by returning it to its rightful owners’ – specifically, ‘hard-working people and entrepreneurs who could come to a new compromise in the sharing of national wealth.’ Disillusioned constituencies were mobilised through a sustained cultural war waged by an extensive media network (Bajomi-Lázár 2013), locally rooted civic networks (Greskovits 2020) and organised rituals of resistance and solidarity (Halmai 2011). As a result of these factors, workers and domestic capitalists shifted to the right in 2010, choosing Fidesz over the socialists.

Since 2010, Orbán has attempted to boost the competitiveness of the Hungarian economy and strengthen the position of domestic capitalists. To this end, the Fidesz government has systematically interfered in the pre-2010 structure of property and social rights in favour of loyal oligarchs, introduced a 16 percent flat tax on personal income and a 9 percent flat tax on corporations, and pushed through a new labour law that promotes flexibilisation (Fabry 2019a; Scheiring 2020: 261-309). To further discipline labour and the ‘undeserving poor’, the government has reduced unemployment benefits, disability pensions and sick pay, while simultaneously extending a highly-punitive workfare programme, originally introduced by the pre-2010 socialist-liberal government (Szabó 2013; Szikra 2014). Although some of the economic policies infringe on the interests of foreign capital (particularly in the banking sector, see Capelle-Blancard and Havrylchuk 2017; Johnson and Barnes 2015), Orbán has maintained a strategic alliance with MNCs in the productive sector (particularly German-owned car companies, like Audi, BMW, and Mercedes). Overall, the Orbán regime’s policies have benefitted the upper echelons of the national bourgeoisie and MNCs, while failing to improve life conditions for ordinary Hungarians (Szikra 2018). Thus, Hungary’s Gini Index – measuring income distribution – increased from 24.1 in 2010 to 28.7 in 2018, making it the most unequal of the V4 states (Scheiring and

night’, in order to win the elections. Though the speech was confidential, it was leaked and broadcast by Hungarian state radio on 17 September 2006, igniting a nationwide political crisis.

Szombati 2020: 8). Hence, despite its belligerent rhetoric against foreign capital, post-2010 Fidesz governments have arguably deepened neoliberalism in Hungary (Fabry 2019).

To consolidate his rule, Orbán has packed cultural institutions, the judiciary and public administration with loyal party apparatchiks, increased state control over the media (while handing key commercial media outlets to pro-Fidesz oligarchs), and changed the electoral map in Fidesz' favour. In 2011, the government also passed a new constitution which, according to critics, stands out as a model for a Twenty-First Century authoritarian regime (Fleck *et al.* 2011; Scheppele 2015). In a speech in July 2014, Orbán justified these moves by the need to find an alternative model to liberal democracy to face the challenges of globalisation:

In my opinion, the most provocative and exciting question surfacing in the Western world during the last year can be summarized as follows, applying necessary simplification: competition existing among nations in the world, competition existing among alliances and forces of the world has been supplemented by a new element [...] I would articulate this as a race to invent a state that is most capable of making a nation successful [...] a state that is most capable of making a nation competitive [...] [T]he new state that we are building is an illiberal state, a non-liberal state. It does not deny foundational values of liberalism, as freedom, etc. But it does not make this ideology a central element of state organization, but applies a specific, national, particular approach in its stead (Orbán 2014).

In the same speech, Orbán listed China, Russia, and Turkey as examples of 'successful nations', 'none of which [are] liberal and some of which aren't even democracies' (Orbán 2014). At the same time, critical voices are being silenced through authoritarian-ethnicist practices: non-conformist civil society organisations, trade unions and independent media outlets are constantly attacked by government authorities, while Hungary's Roma minority suffer from institutionalised racism (Fabry 2019; Freedom House 2019; Scheiring and Szombati 2020). Orbán has also gradually embraced ethnicist ideas and practices, historically associated with Hungary's far-right. For example, the government has built a razor-wire fence along Hungary's borders with Croatia and Serbia to keep out 'illegal immigrants'. On the basis of its track record in the last decade, the Orbán regime stands out as a vanguard state of authoritarian-ethnicist neoliberalism in CEE.

In 2015, the ‘illiberal revolution’ reached Poland, when the ultra-conservative PiS party, led by Jarosław Kaczyński, won an absolute majority in the Sejm. PiS’ rise to power bears many similarities to that of Fidesz. Although Poland avoided a recession during the GFC, it has struggled with high unemployment and widening social and regional inequalities ever since transition (Lang 2015; Toplišek 2020). Similar to the Hungarian socialists, the Democratic Left Alliance (SLD) – the successor of the Polish communist party – was the main agent of neoliberal restructuring in the 1990s (Shields 2011). After the party’s crushing defeat in the 2005 elections, many ex-SLD voters turned to PiS, which criticised the consequences of neoliberal restructuring and promised to protect ‘Polish interests’ (Berman and Snegovaya 2019). While PiS was in opposition between 2007 and 2015, Poland faced growing disillusionment with how the ‘rotten establishment of post-communist Poland’ (Pankowski 2010) had managed the transition.⁶ Having skilfully constructed ‘a fuzzy class alliance of the working and property owning “small people” [...] originating primarily from the Eastern “backwards” provinces’, comprising ‘landscapes that had either economically collapsed or stagnated since the 1980s’ and ‘segments of the embattled working classes in the West Polish industrial cities’ (Kalb 2018: 313), PiS successfully ousted the liberal Civic Platform (PO) from government in 2015.

Similar to Fidesz, the PiS government has railed against neoliberal reforms, instead promoting reindustrialisation and the creation of ‘national champions’ in the economy (Toplišek 2020). In February 2016, the government introduced a special tax on banks, insurance, and lending companies – just like Orbán did in 2010 – despite criticism from domestic and foreign representatives of financial capital (Matusik and Kozłowska 2016). It also established a special tax on the retail sector, dominated by foreign-owned chains, but was forced to withdraw the bill after the European Commission (EC) ruled that the tax was in breach of EU state aid and competition rules (Toplišek 2020). The PiS government has also ‘re-Polonised’ the banking and energy sectors, both dominated by foreign capital (Barteczko and Koper 2018; Miszerak and Rohac 2017).

The PiS government has also copied Fidesz’s methods in its attempts to consolidate its rule: filling the public administration, state-owned enterprises and media with PiS loyalists, even though they often lack

6 According to a Eurobarometer survey, trust in government declined steadily, reaching 14 percent by 2013 – a figure reached by Hungary in 2009 (Sata and Karolewski 2020: 209).

proper professional experience. These changes have been legitimised by a similar discourse of ‘lustration’ as in Orbán’s Hungary: the Polish nation needs to be cleansed from ‘post-communist cronies’ and ‘liberal traitors’ in order for the democratic transition to be completed (Sata and Karolewski 2020: 216).⁷ This said, the illiberal turn in Poland has been less straightforward than in Hungary. For example, since July 2017, the PiS government has been engaged in a protracted legal battle with the EC over its proposed judiciary reform, which critics argue threaten judicial independence (Przybylski 2018; Sata and Karolewski 2020).

The most noticeable difference between Fidesz and PiS is in terms of social policy (RaŃ and Szikra 2018; Toplišek 2020). Whereas the Orbán regime has pursued regressive social policies that intentionally stigmatise the poor, the social policies of the PiS government ‘focus more on the needs of lower classes, although in a markedly conservative, antiliberal way’ (Scheiring forthcoming; see also Grzebalska and Pető 2018; RaŃ and Szikra 2018). In April 2016, the government introduced the ‘Family 500+’ programme, which provides a monthly universal benefit of 500 *złoty* (about 114 *euros*) to Polish families for every second and subsequent child up until the age of 18, as well as to low-income families with one child. Although the new child benefit policy was estimated to cost 23 percent of the government budget (Appel and Orenstein 2018: 168), it was legitimated on the grounds of poor demographic trends and redistributing wealth more equally amongst the population (Toplišek 2020). Partially due to the PiS government’s social policies, severe poverty has been declining in Poland since 2015, whereas in Hungary it has increased under the Orbán regime. Against this background, Scheiring describes the regime emerging in Poland under the PiS government as a form of ‘welfare chauvinist populism with weak illiberalism’ (Scheiring forthcoming).

Conclusion

This article employed a critical political economy approach to demonstrate how the deepening of neoliberal restructuring between 1990 and 2009, often promoted by centre-left government coalitions and with disastrous

⁷ However, the discourse of lustration is only applied highly selectively, as both parties harbour old ‘communists’ in their ranks. Moreover, although Fidesz politicians frequently invoke the old communist card against political enemies, the party has repeatedly voted against making security files from the ‘state socialist’ era publicly available.

consequences for the majority of society, paved the way for the emergence of authoritarian neoliberal regimes in CEE. The vanguard state in the region is the Orbán regime. Since 2010, it has forcefully sought to improve the competitiveness of domestic capitalists, while simultaneously accepting the dominance of foreign capital in technology-intensive export sectors. While these measures have favoured the upper strata of the domestic bourgeoisie and MNCs, the Orbán regime has effectively silenced critics at home and abroad through a combination of authoritarian-ethnicist policies. As a result, Fidesz, which began as a radical liberal party, today stands further to the right than the far-right Jobbik party in the eyes of their own voters (Enyedi and Benoit 2011), while Hungary has been downgraded in international assessments to a competitive authoritarian, hybrid regime (Varieties of Democracy Institute 2020).

In Poland, the hard-right PiS government has mimicked many of the Orbán regime's authoritarian practices since returning to power in 2015. However, in contrast to Fidesz, the PiS has been keener to cater to the needs of its voters through welfare chauvinist policies. This partially explains why the PiS was re-elected in 2019, gaining 44 percent of the popular vote. This said, the 'illiberal revolution' in Poland has met more resistance than in Hungary, ranging from the cross-party opposition protests against the PiS government's 2017 judicial reform bill to the recent massive demonstrations against the government's abortion ban (Davies 2020).

More broadly, although Czechia and Slovakia have also recently showed signs of democratic backsliding, the deepening of authoritarian neoliberalism in CEE faces obstacles. Firstly, economic growth remains highly dependent on exports of goods and services. With the global economy experiencing a deep recession in 2020 due to the COVID-19 pandemic and any recovery 'likely [to] be long, uneven, and uncertain' (IMF 2020: xiii), future economic prospects for the region look bleak. Second, the COVID-19 pandemic is increasing the burden on CEE states' already beleaguered healthcare system. Hungary is a case in point. While the Orbán regime has prioritised fiscal discipline and the enrichment of a loyal capitalist class, it has deliberately defunded the main systems of provision (*ie.* education, healthcare and social policy). Between 2010 and 2018, government spending on healthcare and social protection as a percentage of GDP fell substantially and was still lagging behind its pre-2009 levels (Scheiring 2020: 271, Figure 7.2). As a result, when the

COVID-19 pandemic first struck, the Ministry of Human Resources [*sic!*] ordered Hungary's public hospitals to 'vacate' 60 percent of the country's 60,000 hospital beds by April 15 to make room for new COVID-19 patients. Through this measure, the government placed the burden of caring for patients, some with chronic illness or injury, on their families (most of whom have no medical training). In other words, under the pretext of a public emergency created by COVID-19, the Orbán regime is restructuring the healthcare system, without creating appropriate institutions to alleviate the suffering of those who are seriously ill. Of course, this does not mean that the Orbán regime (or other authoritarian populist forces in the region) will unravel in the near-future. Rather, in the absence of any progressive political alternative, it seems highly probable that class and gender inequalities, virulent xenophobia and chauvinistic sentiments (inflamed by cheap conspiracy theories and hysteric, state-sponsored media campaigns) will deepen in the coming years. Against this background, the prospects of progressive change in the region look bleak indeed.

The analysis presented in this article echoes the findings of scholars who have done qualitative work on the ascendancy of authoritarianism in CEE (Kalb 2018; Makovicky 2013; Ost 2018; Rogers 2020; Scheiring 2020; Scheiring and Szombati 2020; Szombati 2018; Toplišek 2020), extending this body of scholarship with an explicit analysis and theorisation of how external economic and political pressures give rise to variegated forms authoritarian neoliberalism. This said, while the empirical focus of this article was on developments in Hungary and Poland, its findings are arguably also relevant to semi-peripheral countries elsewhere. Local class, gender and race relations vary according to geographically diverse histories. Yet, the tendency of neoliberalism to deepen the contradictions and crises of capitalism and the inability/indifference of (ill)liberal democracies to the popular demands of their own citizens are likely to strengthen authoritarian forces elsewhere too (Berberoglu 2020; Bozkurt-Güngen 2018; Harrison 2019; Özden *et al.* 2017; Tansel 2017).

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THE RETREAT FROM STATIST POLITICAL ECONOMY IN AUSTRALIA: NEOLIBERALISM, POPULISM AND SOCIAL DEMOCRACY

Geoff Dow

Every age has a hallucinatory image of itself, which persists until it is dispelled by events (John Gray).

The transition to a socially disintegrative neoliberalism in Australia from the mid-1970s coincided with, and reflected, the emergence of epoch-defining macroeconomic problems – initially stagflation – which the key institutions of economic management did not substantively address. Since then, policy responses have often been inappropriate, largely because economic-liberal policy elites loathed the effective and articulated solutions. While a problem evident before 1974, this has subsequently become a standard feature of the political economy environment. The retreats, mistakes and disruptions constituting and instigated by policy orthodoxy in the following decades eventually produced political reactions against liberalism. The populism now being fomented almost everywhere is, in many respects, a politics beyond the normal. Yet, in other ways, it is an understandable response to real, tangible denunciations of the significant social democratic accomplishments of the post-1945 period. In resisting the conclusion that past achievements are irrecoverable, or that what has happened is inevitable, we have an opportunity to reconsider possibilities for the rest of the century.

In this article, the different components of this sequence – neoliberalism, populism and social democracy – will be examined, and the long-term

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abandonment of successive, and notably impactful, debates in political economy in Australia will be postulated. As part of this analysis, the article will consider two key questions for the present conjuncture: has the intellectual milieu poisoned the possibilities for a rejuvenated social democratic experiment and, in turn, what should social democracy retain from earlier statist problem-solving?

For much of the past three-quarters of a century, liberalism and social democracy were considered opposites (even if the influence of liberals in labour movements has been notorious). The three decades after 1945 saw a rapid inception of new societal responsibilities accompanied by the rise of public competences (dedicated institutions). Citizenship entitlements seemed to confirm long-term erosion of the apparent hegemony of orthodox political priorities, albeit without settled pacts concerning the telos of the changes. Eventually, with the emergence of ‘new’ problems in the 1970s – structural change disrupting employment and distributive conflict creating damaging forms of inflation – tactical gains by liberals (rebadged by their critics as ‘neoliberals’ to signal a departure from the society-strengthening inclusiveness of John Stuart Mill and Harriet Taylor) began their repudiation of collectivist developments (in institutions and knowledge). The distinctive social democratic solutions that had previously been available for such macroeconomic disturbances included potentially complex wage fixation systems and corporatist forms of regulation. However, in accordance with the new geist, these were systematically renounced or dismantled in the final decades of the twentieth century.

Ultimately the discursive terrain was transformed too, as rich countries lost the will to enhance or ensure political capacities. The turn against social democratic experimentation subsequently mutated into a fulsome unwillingness to nurture putative (always existing, but also pregnant) productive tensions between orthodox and unorthodox policy preferences.

More recently, the old political ferments have been truncated by a newly divisive populism drawing on both legitimate and illegitimate, genuine and contrived grievances. Most prominently, neoliberalism has perpetrated serious assaults on humanity and community – yet, equally, on the economy. There seems to be no assurance that a renewed social democracy will be able to redress these, but postulation of the tasks ahead is necessary. If new circumstances have severed the nexus between controlled political conflict and beneficent societal outcomes, political economy has already

sown the seeds for restoration. However, a progressive future is imaginable only if available lessons are not lost.

Neoliberalism

William Davies has depicted the neoliberal era and its aftermath as ‘irrationalism from above’ and ‘unreason from below’ (2016: 121). It might as well have been: elite-driven contempt for facts, historical achievements and argument from above, with impotence-driven contempt for policymakers’ preferences from below. More so than during the ‘age of Keynes’, which drew on both rational and anti-rational longings to expand the reach and possibilities of politics, the era since the mid-1970s fiercely presented as incontestable several propositions intended to curtail political aspirations, with scant consideration of consequences. Mostly these were mounted to delegitimise national economic policies said to belong a former era and now in need of ‘reform’. The claims of the economic liberals are familiar enough:

- (a) wages needed to be deregulated and supportive institutions accordingly abolished or hollowed out;
- (b) the level of activity should be managed by monetary policy rather than fiscal policy (with responsibility for the former devolved to specialist institutions and experts rather than broader parliamentary processes, without any plausible criteria of usefulness);
- (c) government spending and public debt needed to be constrained (by constitutional fiat, some argued), despite the incessant need to bring forward some investment from the future – when the costs will be met and rewards obtained – to the present when activity can be instigated;
- (d) public enterprises and their distinctive extra-market rationales needed to be abandoned so they could continue along ‘normal’ commercial lines without the distortions of political impositions;
- (e) taxation and business regulation needed to be simplified, rationalised or reduced, irrespective of centuries-long argument and agitation pointing to developmental and counter-cyclical functions of public activity;

- (f) some aspects of government, always a burden, had become grossly dysfunctional for society, with the welfare state, social security and increasingly diverse forms of decommodification often cited as undesirable accretions of citizenship ‘entitlement’ encouraging laxity or irresponsibility elsewhere, too.

Such was the neoliberal agenda: it was an attempt to install liberalism as the default position for both the economy and polity. It could never have been a realistic series of proposals for improved economic performance. By abstract reasoning, it exaggerated the inefficiencies of big government and ignored structural factors demanding, in wealthy economies, an ever-expanding scope for politically mandated criteria. By way of contrast, heterodox reasoning suggests that maturing economies (with industry linkages and dependencies) functionally require greater state capacities, even when the demands are difficult to execute and costly (Higgins and Dow 2013: 416ff).

Critiques of the six elements of the neoliberal project have been well-known for some time. First, regulated (centralised) wage fixation, such as existed for a century in Australia, has been a major factor militating for high and equitably distributed incomes – even if complications arose as additional purposes were added over time. It also provided an extremely effectual anti-inflationary mechanism, particularly as emergent distributive disputes fuelled cost inflation during downturns. The centralised and compulsory system presumed, and confirmed, that high wages (insulated as much as administratively possible from periodic downturns) would be beneficial for both the populace and economy as a whole. As Australians learned over the decades, such wage regulation demanded bespoke institutions (an arbitration system) – usually involving peak organisations of functionally important participants. These developments contravened the expectations and urgings of economic liberals, but were never an actual burden. They averted the more corrosive inequalities that would otherwise have arisen. And for a few moments in the 1980s, an expansive, corporatist addendum was available – for this reason, the advent of reactionary forces in the polity assumes even more disheartening dimensions.

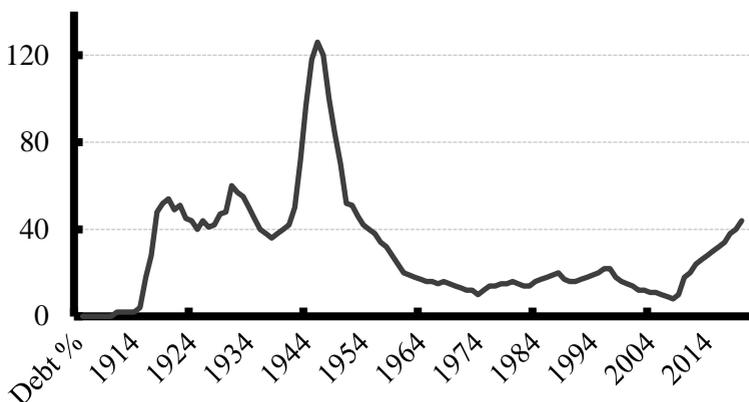
Second, economists (not only Keynesians) have also been increasingly obliged to concede the significant limitations of monetary policy (using interest rates to ‘fine tune’ activity) as a tool of macroeconomic management. Indeed, it is akin to attempting to push a bar of wet soap up

a slope with a piece of string – an argument John Kenneth Galbraith had been mounting since the 1960s. Never a serious means of expanding economic activity – but only of impeding it – Galbraith saw monetary policy instead as a sequence of protocols for the ‘carefully orchestrated’ protection of error (1977: 204). Active fiscal policy, on the other hand, could ensure that available public moneys would be spent and resources thereby used. It has been the political directness of fiscal policy (especially to commission infrastructure projects) that disposed economic liberals in treasuries and central banks around the world to prefer much less effective and more discriminatory monetary policy measures.

Third, neoliberal assertions concerning the need to constrain public spending and debt have failed to find grounding in reality. Total government spending, both in Australia and the OECD, has been more or less constant during this century – within a range of 34-37 percent of GDP in Australia and 40-44 per cent of GDP for the OECD (OECD 2019: 38). These figures seem in accordance with expectations derived from political science and the steady accretion of state capacities everywhere, but have yet to repeat the growth rates (in the size of government) experienced after the two World Wars and into the 1990s. Even with the neoliberal hostility to public activity over the past half-century, long-term expansion of public expenditures, revenues and social transfers seems to be assured – even if usually not at the level afforded by our affluence and experience.

Public debt, too, at slightly above 40 percent of GDP, is not near the levels reached in previous crises (see Figure 1). Even with increases expected from 2020, the only concern reasonably warranted is that it is so low, representing unactivated opportunities for decommodified social transfers and national development.

Historically, Australia’s public debt has been about 70 percent of GDP in the later parts of the nineteenth century, slightly more than 40 percent of GDP in the prewar decades, about 125 percent at the end of the World War Two, and generally below 20 percent since the 1960s. The Rudd government’s stimulus spending increased the figure to 36 percent, while the most recent stimulus packages implemented by the Morrison Government is likely to see the figure rise to 46 percent of GDP – still only about half the OECD average.

Figure 1: Public debt as a percentage of GDP in Australia, 1905-2020

Sources: Australian Treasury, ABS and *Sydney Morning Herald*, April (2020).

According to Keynesian counter-cyclical and capital-creating principles, debt can be incurred during times of downturn or crisis, with the presumption that it will be repaid when ‘good times’ return, so that the public budget is balanced over the cycle (30-40 years) rather than each year.¹ Theoretically, however, debt need never be repaid, provided a polity adjudges the anticipated societal returns from present investments that cannot be easily funded otherwise will exceed the servicing charges. So the crucial determinant ought to be the need for, and quality of, the spending, not its level. Public debt should not be snidely equated with ‘living beyond one’s means’, even if that phrase had serious meaning for a nation – presumably, borrowing for infrastructure is always more defensible than borrowing for recurrent spending. Public debt allows a nation to expand its productive capacities, insofar as resources exist and would not otherwise be satisfactorily deployed. Yet, public capital spending in Australia as a share of GDP is only about half the OECD figure.

Since the end of the First World War, Australian public revenues and public spending have been kept below the average of other developed countries

¹ For historical data, see DiMarco *et al.* (2011); for current data see (OECD 2019: 38-45).

with a parallel under-development of living standards. Though Australia scores well on the UN's HDI (human development index), and has historically also done well in comparative indicators of equality, Thomas Piketty's (2014) empirical findings for inequality show a significant (politics- and policy-driven) worsening since the 1970s. In addition, Piketty also demonstrates a reversal of the encouraging developments during what could be called capitalism's 'golden age' – from 1945 until 1975 for all advanced economies. Australia has not been immune from these shifts; in fact, it is apparent that the economic 'reforms' undertaken in the 1990s (particularly in industrial relations matters, by both Labour and Coalition governments) were the institutional changes chiefly responsible.

Fourth, neoliberal contempt for democracy is revealed most dramatically by the privatisation and commercialisation of public enterprises from the mid-1970s. All principled rationales for public provision – developmental, managerial and social democratic – have been violated in the past four decades. Simultaneously, a significant deterioration in all areas of service provision has been observed, including in education, health, water, banking, anti-recessionary policy, maintaining pre-emptive public skills, imposing deliberative capacities, and extending citizenship entitlement. These are fields of activity where demand can be created by political action and wherein the rules of fiscal hypothecation need not apply. In this respect, as Thorstein Veblen concluded early in the Twentieth Century, not only ideas, but also crucial institutions should be judged as 'imbecile' (Camic and Hodgson 2011: 32).

Notwithstanding all these refutations from within political economy, one charge against neoliberalism remains: that from former liberal and now principled conservative, John Gray.² Gray's critique is of Enlightenment rationality itself – a key feature of mainstream economic analysis since Adam Smith – on the basis that liberalism wrongly deduces scientific authority as able to assure progress ('modern economic reason'). Market institutions disembedded from community irrationalisms are neither heuristically nor sociologically justifiable: '[l]iberal practice has no special claim to be authoritative, even in societies in which it is long-standing, independently of the contingent contributions it makes to human well-being' (1995: 169). Intractable variety makes universal solutions

2 A conservative critique of liberalism was also mounted by John Ralston Saul (1992).

impossible – a ‘vain enterprise’ (2003: 273) – and hollows-out the global organisations trying to enforce them. Mainstream presumptions are weakened to the extent that social and economic institutions – reflecting tradition and diversity and political variety and ‘fate’ – survive. If there are also persistent historical enmities, a level economic playing field is not what civilized humanity requires. Instead, a ‘modus vivendi’ – ways of proceeding, ‘rules of thumb’, even in the absence of unanimity – will be necessary.

This admission of unfinishedness is what has elsewhere been called ‘Keynesian reason’. Politics always need paths to action, though paths to perfection are unavailable. Indeed, ‘[t]here is no politics that can escape it’ (Mann 2017: 19). Neither fulfilment nor disaster is inevitable; a radically different world is a possibility now. Policy orthodoxy is never inevitable.

Populism

Earlier generations of conservative politicians have certainly exploited and misused bitterness and tribal rancour, and often disparaged plausible compromises. However, in the Twenty First Century, latent discontents and political disorder have been multiplied and allowed to fester as never before. Harry Frankfurt has noted that the recent tendency to elide the difference between what is true and what is false in public life has been quite deliberate – on the part of perpetrators, it constitutes a ‘tireless effort to getting every word and image they produce exactly right’ (2005: 23). He argues that ‘insidiously disruptive forms of nonsense’ (or ‘bullshit’), able to be mobilised ‘whatever the circumstances require’ (2005: 51-3), tend to become ‘more expansive and independent, with more specious opportunities for improvisation’ and hence a ‘greater enemy of the truth’ than lies in diminishing or relativising the ‘notion of objective enquiry’ (2005: 61-5). British conservatism has confidently transitioned to populism in similar ways: deploying ‘an air of decadence’, ‘slapdash radicalism’ and ‘upper-class insouciance’ to assist the mutation (Beckett 2019).

Regretting her country’s descent into what she regarded as intemperate and uncompromising politics, Theresa May’s Chatham House speech in July, 2019, deemed the winner-takes-all approach not only as populist, but as anti-political:

This absolutism [...] is the opposite of politics at its best. It refuses to accept that other points of view are reasonable [...] And it views anything less than 100 percent of what you want all the time as evidence of failure, when success in fact means achieving the optimum outcome in any given circumstance (van Leeuwen 2019).

Political frustrations have emerged both at the top and bottom of contemporary politics, almost everywhere. Though conservatives have traditionally endorsed stability, wary of liberals' recklessness in the unleashing of uncontrollable forces of market-led change, May's successor in the form of Boris Johnson has latterly harnessed mistrust and regional deprivation and, in the process, stoked new acknowledgement that many policy preferences in the past 45 years were mistaken. While the sentiment is global, the resentments are primal.

A precondition for all populisms is wide disaffection with policies, institutions and decision-making processes in the macro-polity. Such alienation tends not to be class-based – if it were, more normal political responses would be in evidence. Further, the resulting estrangements cannot be reliably mapped-on to existing movements for political voice or change. Ernesto Laclau's (1977) discussion of populism some decades ago indicated that in weak polities (those with underdeveloped or misdirected state capacities), mistrust of conventional outcomes, together with distrust of the reasoning behind policy preferences, could cause explicable disruptions to prior, though well-articulated, political programmes or strategies. In short, formerly passive groups (provincially located citizens, losers from competition, victims of unreasonable inequalities and discriminations, societal outliers, adherents to fringe ideas or dogmas) might then instigate purposeful action, distorting conventional politics and highlighting asymmetry between economic and political settlements. In any resulting ferment, antagonisms or discontinuities can be attributed to *present* structures and priorities, not to history, claimed Laclau (1977: 158). Critics in the Marxian and post-Keynesian traditions have also long argued that market society itself permanently recreates situations which render politics – particularly transformative politics – ineffectual or worse (see Higgins and Dow 2013: Ch.10).

In 2007, before the Obama years, Joe Bageant wrote presciently (and humorously) about working-class anger in America, the product of what he considered to be a new underclass in the country. He included in his depictions of fault-lines the rise of illiteracy and decline of civic morality, the impact of low-wage jobs, poor public health care, lapses in governance

standards, manipulation of patriotic and religious attitudes, and the presence of an anti-intellectual section of the population apparently impervious to information and truth. Something was happening that was not quite captured by either commentators or the participants themselves. These have since become momentous developments, all underwritten, of course, by low taxation and its ensuing weak state.

Bageant's forewarning was to the same elites as those targeted by populist critics. He had noticed that the bellicose and degrading 'war against reason' was nonetheless inclusive (2007: 181, 214). Specifically, it spoke to underdogs and signified the uncompletedness of the liberal-progressive aspirations which a few decades earlier had promised (but failed) to guarantee 'new deal' arrangements.

A similar tone has been struck in David McKnight's discussion of populism in Australia (2018). Here is a claim that adoption of neoliberalism by the 'political class' (including its absurd defence of the conversion of private debt into public debt) led to the doctrine's subsequent discrediting in multiple jurisdictions.³ Many affected citizens have endured a shrinkage of the 'democratic space' as public services were constrained, wage incomes suppressed, civic decencies eroded, inequalities allowed to widen, and taxation and regulatory capacities distorted away from the public purpose. Despite the continuing growth of some types of public activity (including social security transfers), socially important functions in finance were relegated behind unbridled private excess. In these circumstances, 'we all lose' (McKnight 2018: 128).⁴

Unfortunately, reactions against past policy folly have not been entirely spontaneous and only apparently anti-rational, as William Davies has noted (2016). Much contemporary discontent has been manufactured: it has been built upon (what is now known to be) a fateful combination of institutional misadventure and populist instinct observable everywhere. In the UK, the responses are exemplified in somewhat erratic and unsystematic musings by Dominic Cummings (see also Collini 2020). Regretting that the modern disregard for rules has occasioned the enervation and despoiling of politics, Davies nonetheless resists suggestions that a new form of 'anti-politics' has emerged. Like Laclau,

3 Wolfgang Streeck has controversially addressed aspects of the argument; see Dow (2016).

4 Acknowledgement of the problem has now reached mainstream public policy analysis too; see Head and Banerjee (2019).

he ascribes the ‘diffuse mood of anti-elitism’ more to disjunctions between what capitalism needs and what its proponents have repeatedly said is necessary (2019a, 2019b). Although James Meek, too, links the mistrust and scepticism reflected in recent British political developments with a populist ‘yearning for a return to the gender and racial stereotypes of forty years ago’ (2019: 13), it is clear the current dispositions are structural, not arbitrary or dependent on particular practitioners’ eccentricities. This makes a critical political economy, once again, indispensable.

As indicated earlier, some conservatisms seem to embrace populism’s hostility to globalisation (‘neoliberal restructuring’) as an opportunity to re-invoke political conventions and national peculiarities that disdain not only abstract reasoning but what they see as the hubris of intellectuals who promote it. If this is part of contemporary populist sentiment, its appeal is not to ‘ordinariness’, but to a different elite (not rationalisers, but traditionalists). Hence, the UK’s decision to leave the EU is articulated as a celebration of Edmund Burke and Shakespeare and the English language (Englishness generally), now embraced as bearers of centuries of conservative, anti-internationalist tradition. In John Carroll’s hands (2019: 20), it is a refutation of Europe’s alien rationalism (‘bureaucratic centralism’) – paradoxically seen as weak governance, because it is susceptible to stiff codification and non-traditional preoccupations. In turn, it is supplanted by ‘truths of the human condition’, including the ‘secret concatenation of society’ organically linking its disparate elements, good and bad, illustrious and obscure. The current enthusiasms are less an ideology than an anthropological return to an unmanufactured stability which economic liberalism had done much to undermine – less vision, more messiness. Timothy Garton Ash thinks Europe deserves less mess, more perseverance (2019).

Defences of cultural exceptionalism and social solidarity can be found elsewhere too. For instance, Adrian Pabst attributes the revolt against ‘ultra-liberalism’ (globalisation) to both ‘bureaucratic overreach’ and ‘rampant individualism’ (2019). However, whereas some facets of western civilization – music, architecture, philosophy, literature, poetry, religious belief – are endorsed, the list does not include politics; a common civilization has not emerged. A re-politicised capitalism equally intolerant of last century’s labour-capital settlements and business domination of major international institutions, and able to mobilise cruder purposes, seems to be poised for supremacy. As Robert Saunders (2019) concludes, the paradox has been present within British conservatism since the days

when the ‘disposition to preserve’ gave way to the much more liberal and less cautious Thatcherism. This is the situation new forces are now seeking to address through an all-or-nothing, but potentially dangerous ‘civilizational pivot’ – if it moves away from national involvement in multilateral cooperation, it risks reawakening historical rivalries. However, if the populist backlash (Rodrik 2018) also forfeits civic reason, which carried postwar hopes for thirty years, or if it repudiates consensus too licentiously (Bacevich 2020), something more vital may be abandoned. If the ‘pivot’ succeeds as more than a fleeting phenomenon – that is, if domestic policy capacities are dislodged, dismantled, destroyed or discredited so that extreme inegalitarianism prevails – this strand of populism will assist the liberalisers in consolidating the abandonment of social democracy for a long time.

Such Janus-faced reactions to dislocation are not unknown in political economy. Mercantilist thinking has both captured a real cause of underperformance (insufficiency of investment) and highlighted an apparently ongoing problem (the risk of unwise ambitions). Lars Magnusson claims that economic heretics, often more in-tune with economic reality than to intellectual discourse, more explicitly appreciated the need for stimulus to employment and investment – though at the risk of favouring (national) power over (national) plenty (2019: 300). Already in the 1950s, Eugene Golob, also linking Keynes’s ideas with the mercantilists, saw under-investment as a major problem (triggered largely by the liquidity preference of business); albeit, temptations to self-sufficiency or unwise public responses (monetary policy) remained ever-present (1954: 156, 163). For these non-orthodox traditions, both experiment and tradition would always be in play. Undoubtedly, mercantilist and populist propensities can unsettle national alignments while identifying actual pathologies such as economic rationalism and social indifference.

Social democracy

The characteristics of social democracy are uncontentious. Its policy preferences include high taxes, more social security spending, more state provision, more intervention in markets, more capacity to control the location and level of production (and its cyclical disruptions), innovative ways to effect socially desirable distributive outcomes (and to negate

undesirable ones), continually evolving institutional competences in the public sector, expanded forms of economic democracy and corporatist arrangements for macro-level decision-making. All such policies are intended to provide to citizens, through the polity, what the economy is capable of providing. Only superficially at odds, constraints on capital's autonomy have been acknowledged as key to the historical development of capitalism by many strands of political economy. The purposes of science and critique are inexorably linked (Burawoy 2020: 89-95; but see also Riley 2020). Dispute exists in respect of the timing and extent of many of these; but no dispute is possible concerning the broad historical thrust of the social democratic project.

In our book, *Politics against pessimism* (2013), Winton Higgins and I mounted a more disputatious case: arguing that labour's priorities had become more, not less, achievable over the past half-century and that this reflected a fortuitous combination of non-volitional (structural) developments and volitional political programmes. It is important to remember that labour is never the sole author of its objectives (or of their failings); but that 'solutions' to recurrent problems can become transformative even when they are not permanent fixes.

There can be little doubt that contemporary polities have lost confidence in trends that empower social democracy, though they pertain still. Our book summarised the neoliberalism of the post-1974 era in these terms:

decades-long unemployment, low growth, increased inequality, slowing productivity improvement, manufacturing decline in rich countries, infrastructural disinvestment in most countries, low-quality employment, and evidently excessive consumption – all accompanied by the loss of redistributive and democratic capacities (2013: 411).

The contemporary task of social democratic reconstruction is, therefore, to secure a politics able to recapture the concerted action that turned postwar prosperity into an epochal wonder and to reverse directions in-place for the past forty-to-fifty years.

The trends that are, nonetheless, available for enlistment in the required redress are growth of the public sphere and public revenues, and the growth of decommodified consumption (social transfers, still close to 25 percent of GDP). These are all still above their 1974 levels in most places. State growth contains social democratic elements, and though preservation of structural accomplishments requires increasingly conscious and

volitional effort (2013: 332-9), many desirable socio-economic trends have survived the neoliberal onslaught.

Structural stability and resilience suggests 'agentless trends' without discernible wind-back. In addition, capitalism still operates through differential (though largely unintended) modes of regulation, signifying that there remains room for political manoeuvre. Yet, the future of labour's 'historic mission' (social democratic advance) will be dictated by its ability to engage a number of anticipatable difficulties.

First among these is the persistent tendency of non-dirigiste economies to generate wealth at a faster rate than they generate employment, thus revealing a substantial structural problem. The sheer difficulty of attaining full employment has been known for some time, though the grandest threat of all is premature intellectual retreat, not the economic trends themselves. More can be learned about the functioning of a capitalist economy from its moments of crisis than from pondering or speculating about its supposedly optimal behaviour. From the experience of persistent or recurring unemployment, it is possible to infer that industrial dislocation is usual. Yet, to declare policy thereby ineffective would be to pronounce closed the potential of political economy for all humanity.

A second enduring difficulty, also marked by intellectual abrogation, is the vexed question of how we should conceive the duration of recessions. What we know for sure is that the conventional journalistic conception – two successive quarters of negative GDP growth – is thoroughly inadequate to the task, and probably intended to distract from more robust and controversial views. In an age of 'jobless growth', the persistence of growth is no decent indication of economic success; growth is quite compatible with economic failure.⁵ None of the traditions of analysis outside orthodoxy allows that recessions come in months or quarters: Keynesianism and its variants, Marxism and its disputants, economic sociology with the 'social economy' tradition, historical and evolutionary economics with their preference for inductive reasoning and holism, and diverse 'cranks' and heretics in specific national contexts all understand that the rise and fall of industries transpires over decades. Perhaps the density of these maverick insights can be gauged by examining the range

⁵ Post-Keynesian theory postulates a recessionary downturn as that period in the cycle when productive capacity is falling and economic activity is below full employment (Kalecki 1933: 10).

of methodological approaches developed in response to them.⁶ Though the existence of a *longue durée* can conceivably be disputed (Mann 2017), recessions are not short-term phenomena. The current period of mass unemployment in OECD countries has lasted since 1974 – what others have termed a ‘long recession’ or ‘great contraction’ (eg. Duménil and Lévy 2011: Chs 1 and 2).

Third, it is necessary for social democratic policy purposes to acknowledge that modern economies exhibit permanent, structural tendencies to excess capacity (or excess competition) or secular stagnation. Critically, many of these tendencies will probably be transformational and are likely functions of maturity (wealth with anti-liberal potential) itself (Higgins and Dow 2013: 403-24; see also Dow 2015: 82-8). Democratic politics is not impotent in the resultant unfolding of economic reality, but it can become delusional if the ways in which voluntaristic action interacts with ‘emergent’ institutions are not fully appreciated. It is not that ‘counter-tendencies’ are unimaginable or impossible, but that they usually require enhanced regulatory objectives with different socio-economic interlinkages. One reason is that ‘stability is destabilising’ (Wray 2019: 532) – a settled sectoral arrangement in one era holds no guarantees for the next. Controversy continues over whether economic activity in wealthy societies is market-affirming or market-eradicating, though the latter is at least a mooted proposition (Howard and King 2008; King 2012). In either case, it is the task of social democracy to exploit the contradictions affluence yields, including the potential for inefficient but desirable activity.

These three sets of challenges are complex because they are conferred upon social democratic politics (and other strands of anti-liberal politics) by capitalist economies. Since conflicts within (and over) the state long predated explicitly social democratic policy-making, even in Australia, social democratic practice is incomplete without a consideration of the debates – conceptual and practical – around statist political economy.

Peter Groenewegen and Bruce McFarlane’s history of economic thought in Australia mentions the ‘populist and underworld foundations’ of economic reasoning in the country – particularly issues concerned with wage fixing, national development, protection of ‘infant industry’ and

6 An indication of the Keynesians’ interdisciplinary, imaginative and intuitive approaches is articulated in Dow (2017).

public finance (fiscal redistribution policy). However, despite propitious beginnings – for some decades until around 1914, Australia had the world’s largest public sector – it is clear that a statist mode of development did not survive the relentless challenges the orthodox economists mounted to what had never seemed (even then) an open-ended tableau on which to inscribe an egalitarian and developmental ethos. What was once known about the ‘correction of maladjustments’ was soon lost (1990: 130); but debate continued between advocates and opponents of statist accomplishments.

Though initially comparatively large, the state in Australia never became the dominant deliberative force able to use public enterprise to promote economic development along lines envisaged by some European conservatives. There has always been pressure to curtail democratic expectations. In 1915, Australia’s public sector spending was about 17 percent of GDP (compared with 13 percent for the countries that now make up the OECD); by 1935, those figures were 15 percent and 23 percent respectively, with the shortfall now almost 10 percent of GDP for the same selection of countries (35 percent in Australia, compared with 41 percent for the recently augmented OECD) (OECD 2019: 38). Despite the enduring popularity of protectionist sentiment, public enterprises and basic income compensation arrangements, Australia now has the near-lowest threshold for political determination, despite almost having the highest a century ago. *Staatsräson* (in an activist state) according to Weberian or Machiavellian principles was never a probability here – though it seems likely such a development would not have been entirely unpopular in rural areas. Even so, some ‘autonomisation’ of state activities (*eg.* for officially sanctioned public responsibilities to ‘creep’ upwards) can be observed – such as in current levels of social transfers, as noted earlier. Elsewhere, such enlargements appear to be engineered by the state itself (Jessop 2007); but given the hegemony of liberalism, this does not seem a convincing argument in Australia.

On occasions, it has been argued that for a statist state to do ‘its job’, it needs to be radically autonomous (from specific influences) – as was apparent when the state assisted bourgeois transitions to capitalism. However, governments’ responsiveness to aggressive campaigning against tax increases for particular sectors, or against climate change policy, in the past decade suggest, instead, a radical subservience to a lowest common denominator of non-interventionism. In other contexts, such self-interested manipulation would have been declared authoritarian, parasitic

or predatory – a sign of a weakening, compliant polity. Economists, in association with prominent businesspersons, often resist higher and more progressive taxation and argue for hypothecation (thereby denying government legitimate opportunities for cross-subsidisation). The deregulatory impulse always aims to unleash competitive self-interest and to ‘smother’ progressive politics (Reinert and Viano 2012: 10).

Australian statism, if it can still be imagined, has foundered most commonly (at least until now) on the institutional prestige and influence of economists. For instance, generations of employers fought against centralised wage fixation from 1907, even though it was spectacularly able to deliver the egalitarianism of the ‘golden age’. The same forces have opposed the labour movement’s collective voice across the board in economic policy debates, despite the principle of using high and inflexible wages to force industry rationalisation (transformation pressure) being well-established in other high-wage societies, and though high non-wage incomes (social transfers) are *cynosures* of good societies elsewhere. Mainstream economists still endorse changes to federal-state financial relations that would undercut the obligation to ensure regional equity. They have sullied debate over industry policy (political determination of industry structure) by calling it protectionist. Ha-Joon Chang (2008) and Erik Reinert (2007), have separately insisted that a ‘renaissance approach’ to industry renewal – along lines forged by the Italian city states and responsible for the latter’s ‘*grandezza*’ – is a product of selectivity, diversity (one economic activity is not as good as any other) and a commitment to the ‘common weal’. Good republican traditions (a good polity and a good society, with good architecture, good art and music, good education and recognised civic amenity) *cause* economic success, not the other way round.⁷

There is one further important aspect of statism (with other types of intensified politics) that warrants concerted attention from the advocates of social democracy. Keith Tribe in *Social democracy and the rule of law* speculates that the supremacy of politics (which he urges) depends on overcoming a real and conceivable weakness in parliamentary decision-making. Does democracy require levels of ‘social homogeneity’ (observable inherent unity) that are unattainable? If sectional interests are unable to choose and endorse leaders, politics might gravitate towards

7 See Botero (1588) and Serra (1613) for surprisingly ‘modern’ defences of industry policy.

becoming judicial (prioritising only laws). Unresolvable problems accrue if opposed interests no longer wish to participate. There might be no basis for a modern social republic (1987: 20-1). This potential is not unique to social democracy, but it is amplified in any polity (or society) wanting to foster state (political) solutions to intractable problems. More recently, Keith Tribe has joined conservatives in invoking Goya's famous opposition between intellectual endeavour and its ruin: 'Reason, if left to work alone, creates monsters; while imagination unalloyed by the power of reason gives rise to futile ideas' (1995: 1). Knowing that aspiration can be thwarted, can the common weal be advanced without the incessant possibility of regress? An answer seems to depend on recasting politics and the state as organic, and ascribing them a 'duty' to depart from instrumental roles.

It may even be the case that state capacity (where penetrative, extractive and coordinative powers have been successfully created, allowing the state to overcome internal opposition) eventually becomes 'its own gravedigger'. Early problems do not stay constant – solutions to the problems of the 1920s are not necessarily optimal for the 2020s. Institutions designed to 'outflank' recalcitrance in one era typically need to be reconfigured to deal as effectively with problems that occur decades (or a century) later. So, the state is rarely free to make history as it chooses (Evans 1992: 403-4). This appears to be a recurrent concern for many infrastructure projects, even when infrastructural (non-despotic) power has been well delivered and maintained. 'Unjudicious expansion of the menu of tasks leads too easily to a vicious cycle. State capacity grows more slowly than tasks expand' (Evans 1992: 411). As Post-Keynesians such as Joan Robinson have claimed, institutions evolved for specific purposes often take on other functions and impose particular contingencies on economic decisions (Kerr 2019: 398). Corporatist wage determination in Australia eventually proved able to dispense social security and anti-inflationary policy with pregnant suggestions (for a time) of forays into economic democracy and social provision; but these intensifications provoked additional oppositions.

Conclusion

This article on the macro-political dilemmas of our age has identified the most important failure of neoliberalism since the mid-1970s as its failure

across many jurisdictions to generate productive forces in accordance with capitalism's technical abilities. This is an argument also made by Cédric Durand in his comments on the unwanted transformations wrought by this century's paradigm shift in favour of finance (2019). Durand similarly ascribed the new nationalism and xenophobia to the neoliberal project, spectacularly failing in its stated objectives and constantly generating new incongruities. Two available indicators of the chasm between intended and actual outcomes from politics in Australia have been public debt and public spending – both unhappy registers of underdeveloped and badly understood political possibilities. This becomes a reminder that capitalist economies routinely under-create and under-provide capital; therefore, development is stymied or diverted into avenues which are less beneficial than might otherwise be the case. The ideological elements in this process of deformation (spin) are neoliberalism; while its agents are forces that do not appreciate (or care) that outcomes for the majority are less than promised. Weaker-than-needed accumulation, the manufacture of unpropitious inequalities, and a diffusion of assets more liable to worsen than to improve the human condition are among the outcomes. Destruction of past accomplishment is another. Perhaps we can never be sure how this unfolding will end, but the auspices at the moment are not good.

If in past decades neoliberalism thwarted social democratic advance, today populism is confounding it and disrupting it. Populism may be correct in its contempt for international liberalism and domestic rationalism; and there has been a long history of campaigns for a balanced industry structure, quality employment and national autonomy. Some parts of some reactionary movements are doubtless justified in drawing attention to resurgent casualties of unwanted liberal reforms. Nonetheless, more helpful would be an admission that to procure the maximum functioning of a modern economy, policies that are resisted by its notional defenders would be needed. This is where considerable 'room for manoeuvre' can still be fought for and won. In 2020, such scope seems as likely as not. We have done it before.

Although the substantive economic trends available to advance economic activity, equality, social provision, participation and civilised affluence can readily be dislodged, sidestepped and discredited by the worst aspects of politics, the worst need not prevail. Discrepant schools of non-orthodox enquiry and interpretation have contributed to present understandings of what has been achieved, as well as what current trends promise. Admittedly, they also bequeath ample confirmation that labour's state-

building responsibilities are far from ensured. Yet, as indicated above, the material base for advance remains unimpaired. Ambiguities in political economy have been known for a long time, along with avoidance of them. It seems clear that political economists need to do more to stimulate expanded state capacity, perhaps by re-asserting the principles which guided substantive anti-liberal reforms a century ago. If contemporary controversy has not been up to the challenge, we know where to look for intellectual encouragement.

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URBAN SOCIAL MOVEMENTS AND THE DEGROWTH TRANSITION: TOWARDS A GRASSROOTS THEORY OF CHANGE

Samuel Alexander and Brendan Gleeson

Since the 1970s, the ‘limits to growth’ position has received a great deal of attention, mostly from economic and ecological perspectives (Meadows *et al.* 1972; Bardi 2011; Turner 2014). In more recent years, the degrowth movement has been contributing an important range of new political and sociological analyses – offering deeper insight into post-growth narratives of progress and evaluating alternative policies and structures. In addition, it has continued to update and refine the ecological critique of growth economics in response to those who continue to fetishise growth (see, D’Alisa *et al.* 2015; Weiss and Cattaneo 2017; Kallis 2017; Kallis *et al.* 2018). A key position within the degrowth movement is that technological advance and efficiency gains in production will be unable to resolve ecological transgressions if such innovations are applied within a growth paradigm of economy (Hickel and Kallis 2019; Ward *et al.* 2016).

This article seeks to extend and deepen the understanding of degrowth by examining the concept and movement from a perspective that has received little attention – namely, theories of transition. Much has been written on the ‘why’ of degrowth; it is time to focus more on the strategic question of ‘how’. Our specific interest lies in understanding which levers of power in society (*e.g.* the state, technology, capital and social movements) may be needed or available to drive a democratic degrowth transition. How might those levers reshape society, and in what ways, to initiate a degrowth process of planned economic contraction?

While addressing questions of transition and transformation, our additional point of departure is to look at degrowth through the lens of

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urban studies – and conversely, to look at urbanity through the lens of degrowth (Alexander and Gleeson 2019). Harvey Molotch (1976) long ago described the city as a ‘growth machine’. How to mobilise socially and politically to transform that machine on democratic terms is clearly a pressing issue of our time. Can the emerging degrowth literature shed light on this urban challenge? Can urban studies offer insights for the degrowth movement? Literature at the nexus of these issues is scarce (Lietart 2010; Xue 2015; March 2016; Lehtinen 2018) and the question of an urban degrowth transition is sorely neglected. But one thing is clear: it will be in cities where most of humanity experiences, and responds to, the deepening crises of the global neoliberal order (Wright *et al.* 2018).

Below, we explore the role urban social movements might need to play as the principal democratic organising forces of a degrowth transition in cities. As elaborated further in later sections, these movements are ‘urban-orientated mobilisations that influence structural social change’ (Castells 1983: 305). The premise is that through ‘self-organisation of independent actors’, they raise ‘radical possibilities for living different urban lives in reconfigured urban economies’ (Bulkeley 2013: 11). Exploring this mode of societal transformation is especially important for those who hold little faith that governments, especially in capitalist societies, would initiate a ‘top-down’ degrowth process. It was that pessimism that led us to develop, in the context of degrowth, a grassroots theory of change ‘from below’.

The article begins by outlining the various ‘growth imperatives’ that shape capitalist economies, in order to justify our pessimism with respect to leadership on degrowth coming from governments.¹ On these foundations, a theory of change is presented that we maintain is the most coherent framework for creating, by design rather than disaster, a post-growth (and thus post-capitalist) urbanity. The degrowth literature is utilised to frame our analysis and argue that, given the various growth imperatives constraining government action under globalised and increasingly urbanised capitalism today, the emergence of a degrowth society will need to be driven into existence from the grassroots up, rather than from the top-down. Put otherwise, in a neoliberal order where so-called ‘representative governments’ are deeply compromised by unsustainable growth

1 While some of the growth imperatives we discuss apply equally to notionally socialist or communist economies (e.g. China), the transitional challenge raised by ‘beyond growth’ presents different questions. Accordingly, our focus herein is on capitalist societies that have a grounding in democracy.

imperatives, any degrowth transition will require engaged citizenries employing radical and participatory democratic practices to induce this paradigmatic shift in political economy. The long historical conspiracy of liberal democracy and consumptive capitalism suggests that the ballot box is a political tool that will not foster the transition to a post-growth dispensation.

After sketching this theory of change, the analysis concludes by outlining how early signs are emerging of what, tentatively, could be considered the birth of a 'degrowth urbanity'. This review includes post-consumerist movements that are prefiguring degrowth cultures of consumption by embracing material sufficiency as a path to freedom, meaning and reduced ecological burdens; community-led urban resistance and renewal movements; transgressive and creative forms of the sharing economy as a means of thriving even in a contracting biophysical economy; as well as other social movements and strategies that are seeking to develop new (or renewed) informal urban economies 'beyond the market'.

Highlighting the importance of urban social movements does not negate the need for structural change via state action. Human behaviour inevitably takes place within structures of constraint that often 'lock' people in to high-impact living (Sanne 2002), while locking many more out of economic security. This is a systemic problem that will ultimately require a systemic response. Nevertheless, our core thesis is that a post-growth or degrowth state will most likely be the outcome, not the driving force, of a just and sustainable post-capitalist society. In turn, significant structural change will only occur *after* grassroots movements initiate new post-capitalist economies and cultures within the shell of capitalist economies. As David Harvey (2013: xvi) contends, reclaiming the democratic city 'cannot occur without the creation of a vigorous anti-capitalist movement that focuses on the transformation of daily urban life as its goal.' Building on that insight, we will argue that there will never be a transformative politics or economics beyond growth until there is a broad culture of sufficiency, solidarity and participatory democracy that demands it.

The growth imperatives of capitalism

To lay the foundations for our theory of change, it is necessary to outline why the political economy of growth has acquired its hegemony (Purdey 2010), and why hopes of an enlightened government or state leading a

degrowth transition from the top-down seem slim-to-non-existent (Alexander 2013). These foundational inquiries are important because understanding the extent of capitalism's 'growth imperative' has implications for political, economic and, more specifically, business strategies for change. If it is accepted that capitalism requires growth for stability and that ongoing growth is unsustainable, then it follows that capitalism has an ecological time limit.

Our starting premise, then, is that a 'degrowth capitalism' (to be distinguished from capitalism in recession) is a contradiction-in-terms (Foster 2011; Trainer 2012). The logic of this observation is outlined below by highlighting the various growth imperatives of capitalism. Note that several of these imperatives blur into each other, even as they represent distinct issues. Even one of these structural issues would suffice to establish that capitalism is growth-dependent – together, they demonstrate the structural logic of this growth imperative.

Microeconomic and macroeconomic growth imperatives

Within capitalist economies, corporate firms must seek to maximise profits and productivity, or risk being destroyed by more ambitious and ruthless market competitors (Gordon and Rosenthal 2003; Binswanger 2009; Harvey 2008). While human greed plays a role in the pursuit of profit-maximisation, this first point is more fundamental: the nature and systemic logic of capitalist economies require profit-maximisation at the microeconomic level, which functions to give the capitalist macroeconomy a built-in structural tendency toward growth (Smith 2010; Blauwhof 2012). From a systems perspective, this growth imperative is an emergent property of the interactions of microeconomic agents. Thus, the macroeconomic structure of capitalism is organised such that individual firms must accord with its golden rule: expand capital (Harvey 2011).

Debt as a growth imperative

Similarly, there is a related growth imperative created by debt-based monetary systems – especially, but not exclusively, under capitalism. Currently, most money is loaned into existence by private banks as interest-bearing debt. In order to pay back the debt plus the interest, this implies an expansion of the monetary supply (Trainer 2011). Banks will

generally prefer to lend to people, organisations or institutions most able to pay back the debts incurred, and those most likely to make the most profit get given credit first. This lending system inherently accords capitalism a pro-growth structure since money – and the power it brings – is more readily available to firms likely to make the most profit. Again at the macroeconomic level, the same golden rule of capitalism applies: grow the economy or enter crisis.

Power as a growth imperative

Furthermore, the largest corporations and governments that are doing financially well within the capitalist system would not tolerate a deliberate transition to a post-growth or degrowth economy. At least since Marx, there has been a line of critical theory that conceptualises the state as merely a tool for securing and advancing the interests of the richest agents or institutions in society (Marx and Engels 1848). In a market society, money is power; the powerful want to remain powerful; thus, the powerful want more money to secure and advance their interests. The logic is simple but compelling: ‘[a] government is thus to some extent forced to please the economic elite in order to stay in power’ (Boillat *et al.* 2012: 601). Governments also seek a growing economy, because that implies a larger tax base on which to draw when implementing policy. There is an important geopolitical factor here: governments need growth to maintain or advance their balance of power in a military sense.

Globalisation as a growth imperative

Indeed, even if a government *wanted* to pursue a degrowth agenda, there are global and national economic forces at play which would obstruct such an agenda being rolled out. This may be termed the problem of ‘Empire’, a concept developed by post-Marxist theorists, Michael Hardt and Antonio Negri (2000). Not only are nation-states today constrained by numerous international trade agreements and powerful global institutions, but the free flow of capital around the globe has given new power to an imperium of transnational corporations that can now move their financial resources from country-to-country with unprecedented ease. If governments were to create unattractive financial conditions (*e.g.* by raising corporate taxes or minimum wages), corporations could threaten ‘capital flight’. Simply

being aware of the possibility of capital flight can insidiously constrain government action through fear, even in the absence of an explicit threat. The globalisation of capital, therefore, creates another structural growth imperative.

In summary, the possibility of a state-led degrowth transition seems impossibly constrained by the structural imperatives of capitalism. The growth-dependent, heavily indebted market economies we know today would be unable to adjust to the types and speed of the foundational changes required to avert ecological and financial crisis. This inevitably has an urban dimension too, with the city itself being described as a ‘growth machine’ by Harvey Molotch (1976), a perspective that has provoked an entire tradition of scholarship and analysis (see Cox 2017). Molotch (1976: 310) argued that ‘this growth imperative is the most important constraint upon available options for local initiative in social and economic reform.’ In an age when capitalism has attained near-complete hegemony, growth-orientated societies do not know how to deliberately create a macroeconomy or urban form that produces and consumes *less*. Yet, as the limits to growth (Bardi 2011) and degrowth literatures maintain (Kallis *et al.* 2018; Weiss and Cattaneo 2017), that is precisely what seems to be necessary for ecological viability.

Degrowth from below: Towards a grassroots theory of change

If the global economy is to operate within the sustainable carrying capacity of the planet, this requires (among other things) the richest nations to initiate a degrowth process of planned economic contraction, on the path to a ‘steady state’ economy of stable biophysical throughput (Hickel and Kallis 2019). Obviously, the poorest nations would also need to achieve some ‘steady state’ in time, but their economic capacities must first be developed in some form to ensure basic needs for all are met (Escobar 2015; O’Neill *et al.* 2018). We do not argue that a voluntary transformation of overgrown economies is likely, only that, by force of reason and evidence, some such transition will be necessary if there is to be any human reconciliation with nature.

There is much governments could be doing to help produce more just and sustainable societies – and there is no shortage of literature providing stimulating advice. However, the central point from the analysis above is

that governments, especially under capitalism, have various growth imperatives built-in to their structures. It follows that attempting to take control of the state may not necessarily be the best way to initiate the transition to a just and sustainable degrowth economy, for even a socialist state may find itself locked into unsustainable growth (Sarkar 1999). Therefore, a post-growth state may only ever be the outcome, not the driving force, of a movement for degrowth (Alexander and Gleeson 2019). This raises the key question of what social, political and economic forces or mechanisms might drive such a transition beyond growth (Demaria *et al.* 2013). If conventional representative democracy is unable to accommodate the degrowth imperative by virtue of politicians and dominant institutions being locked into the growth paradigm, then it follows that the emergence of degrowth will have to depend on a post-capitalist politics of participatory democracy and grassroots activism (Gibson-Graham 2006). This means relocalising political power through participatory and collective action, rather than waiting for governments or corporations to solve problems that they are either unable or unwilling to solve. In an urban age, this may well depend on urban social movements creating, within the city boundaries, post-capitalist degrowth economies and cultures from the grassroots up. The remainder of this article outlines and explains this theory of change.

Transforming the city without (at first) taking power

In pro-growth political contexts – particularly contemporary cities in the most affluent regions of the world (Molotch 1976) – it is at the household- and community-levels where people arguably have most freedom to influence their urban existence in a post-growth direction (Gibson-Graham *et al.* 2013). Thus, it is at this grassroots-level where we invest hope for change; where the sparks of transformation are going to have to ignite if a degrowth society is to emerge. Individuals may not feel like they have much influence over the decisions of their members of parliament, or the decisions of big business or other global institutions, all of which are manifestly entrenched within the growth paradigm.

This is especially so in the neoliberal age, in which the dominant task of urban governance, according to Harvey (1989: 11), is ‘to lure highly mobile and flexible production, financial, and consumption flows into its space.’ Furthermore, the distributive implications, as Hugh Stretton (1970:

310) noted long ago, are that cities become devices for ‘shifting resources from poorer to richer’. But within the structural constraints of any society or city, there nevertheless resides a realm of freedom through which individuals and communities – insofar as they have escaped or resisted the neoliberal worldview – can resist and oppose the existing order and make their influence felt (Holloway 2002; Trainer 2010; Holmgren 2018). Indeed, urban social movements have often arisen in reaction to neoliberal urbanism (Mayer 2006), and this conflict may be set to deepen.

It is in those cracks which permit a degree of urban autonomy and self-governance where participants in a degrowth movement need to thrust the crowbar of oppositional activity to leverage their influence. Through a process of participatory democracy and grassroots action, there might be a chance to ‘crack capitalism’, as John Holloway (2010) puts it. We say that there might just be a chance in the sense that it is the best, perhaps only hope. This is not to say that the household or community levels are necessarily the ideal spheres of urban transformation (a question we leave open). Rather, it is to acknowledge that if governments will not embrace degrowth, and businesses must grow for viability, then the household and community levels – acting and organising locally (though still with an eye on the ‘big picture’) – are the most promising spheres of transformative potential.² There is deep historical wisdom to draw on here. For Aristotle, ‘economy,’ meant the good management of the household, and for him the household was the foundation of the *polis*. In our age of apparent governmental paralysis and growth fetishism, this Aristotelian perspective might again highlight the necessity of a political strategy that begins with the intentional transformation of urban daily life (as explored further in the next section).

This perspective could be easily misunderstood, so a word of clarification is in-order. Strong top-down governance of (urban) economies would, in many ways, be desirable. Governments, local and national, could do many things to advance the causes of justice and sustainability, and elsewhere we have shared our thoughts on policies for a post-growth economy

² Social enterprises, non-profit businesses, or the ‘B corporation’ movement might also hold some potential for post-capitalist economics (Khmara and Kronenberg 2018). Yet, these alternative practices and institutions inevitably operate within a growth-orientated system and compete with (and tend to be outcompeted by) conventional capitalist firms that are significantly advantaged in the market by externalising environmental and social costs. Thus, in our view, alternative corporate forms are likely to remain marginal and easily accommodated by the existing system.

(Alexander 2016; Alexander and Gleeson 2019). We acknowledge, furthermore, that mobilising for degrowth only at the grassroots (or micro-economic) level is problematic, since voluntarily reducing energy and resource consumption in a market society can function to reduce pressure on markets and, hence, induce price reductions. Those pricing dynamics can then lead to *increased* consumption by actors not attempting to create a degrowth society and who happily exploit access to cheaper commodities. This ‘wicked problem’ has led Blake Alcott (2008) to highlight the legitimate concern that frugality in some sectors of society might engender a consumption ‘rebound effect’ elsewhere. Accordingly, in order to affect structural reductions in energy and resource use, there ultimately needs to be some mechanisms to limit aggregate use – and this requires cooperation by formal political and economic institutions.

Nevertheless, our position is that growth fetishism has such a strong hold on the branches of government that efforts directed toward producing strong top-down policy for a degrowth economy will essentially be ignored by policy-makers – unable to make it through the filter of capitalist structures and ideology. Thus, those efforts for progressive top-down change may be wasted. Marginal anti-capitalist movements like degrowth do not, of course, have a surplus of energy or resources to waste or misdirect. If the zebra of growth capitalism will not change its stripes, it thereby follows that people should not dedicate their efforts toward convincing it to do so. Rather, people should dedicate their efforts toward areas with the greatest leverage – with the greatest potential to effect positive change. With respect to degrowth, the areas that have the greatest leverage lie amongst the grassroots of social movements and culture, not parliament or the courts – at least at this early stage in the transformation (Alexander 2013; Demaria *et al.* 2013).

The socio-cultural domain may have special disruptive potential due to the fact that other spheres of transformation can be understood as tools or means, whereas the socio-cultural sphere can be understood as the source of goals or ends. In much the same way as the tool of ‘fire’ can have a positive or negative impact on our lives, depending on how it is used and how much of it there is, the tools of technology, business, and politics can advance or inhibit the transition to a degrowth society, depending on the social values and desires that shape their implementation and development. For these reasons, the socio-cultural sphere can be considered fundamental, in the sense that it provides the ends towards

which available means are directed. Put otherwise, a revolutionary consciousness (or new ‘social imaginary’) must precede the revolution.

This is not meant to downplay the undeniable importance of technological, economic and political innovations on the path to a new, ecologically viable and socially just way of life. A coordinated, multi-faceted and multiscalar approach is both necessary and desirable (Mayer 2013). But insofar as technology, business and politics reflect the culture in which they are situated, it would seem that disruptive innovation in the socio-cultural sphere may need to be the prime mover, so to speak, which would then enable or ignite further disruptive innovations in other spheres of life.

This suggests that we must carefully consider not only what societal conditions would best facilitate the urban realisation of a degrowth economy, but also what role social or cultural movements might have to play in producing those conditions. For even if notions of degrowth were to gain widespread acceptance, it seems highly unlikely that a degrowth economy would emerge unless people had some idea of what needed to be done at the household and community levels to bring about such an economy. In other words, it is not enough merely to offer a critique of existing *structures* of growth capitalism; it is equally important to explore the question of *how one ought to live* in opposition to those structures. If governments will not lead this process, social movements might have to change the world without (at first) taking state power (Holloway 2010; Gibson-Graham *et al.* 2013).

The practice of post-capitalist politics and economics

[W]ithout social movements, no challenge will emerge from civil society able to shake the institutions of the state through which norms are enforced, values preached, and property preserved’ (Castells 1983).

In the introduction, we noted David Harvey’s comment that reclaiming the city ‘cannot occur without the creation of a vigorous anti-capitalist movement that focuses on the transformation of daily urban life as its goal’ (Harvey 2013: xvi). While a singular or homogenous anti-capitalist movement does not exist, the following brief review indicates that a heterogeneous body of loosely connected urban social movements is emerging that seems to be prefiguring aspects of a degrowth society. The vocabulary of ‘degrowth’ does not need to be used for a movement to contribute to the emergence of degrowth.

The Voluntary Simplicity Movement

The lived experience of degrowth necessarily implies a deep re-evaluation of consumer affluence and embrace of lifestyles of radical material sufficiency. This exploration of post-consumerist ways of living is currently being undertaken within the Voluntary Simplicity Movement (Alexander 2009), with participants seeking to live more on less (Kasser 2017). This is an example of a social movement resisting capitalist cultures of hyper-consumption and beginning to establish the counter-cultural conditions needed for a degrowth economy to emerge structurally. Some hard-nosed political economists might be inclined to dismiss this as a naive ‘lifestyle movement’ of little consequence. However, that critique masks its own naivety, since the macroeconomic or structural changes required for degrowth will not arrive without a material culture of sufficiency that demands them. As Taylor *et al.* (2017: 796) argue: ‘modern mass consumption developed in nineteenth century cities as a bottom-up process of acquisitive behavior [and ...] to reverse the now uber-acquisitiveness will also be a bottom-up process.’

Based on the largest empirical examination of this movement, it has been estimated that as many as 200 million people are exploring ‘simpler ways’ of living in the West (Alexander and Ussher 2012) – even if it must be acknowledged that this involves a wide spectrum of practices, from modest attempts to reduce consumption to more radical expressions of downshifting. Challenging the popular conception of ‘simple living’ as being a rural lifestyle, the same study suggested that approximately 80 percent of voluntary simplifiers are actually based in urban centres. Furthermore, the results showed that 68 percent of voluntary simplifiers have come to conceive of themselves as being part of a simple living movement. This is a significant finding, given that the Voluntary Simplicity Movement has historically tended to be apolitical or escapist (Grigsby 2004). Much social movement theory suggests that the emergence of group consciousness (or a shared ‘social imaginary’) is an important and necessary phase in the maturation of a social movement into a more potent political force (see McCann 2006; Taylor 2004).

The political and economic significance of the Voluntary Simplicity Movement is most apparent in how it can carve out *more time for people to create the new economy*. Building a new economy from the grassroots-up will take time, and currently most households are ‘time poor’, locked into the work-and-spend cycle (Coote and Franklin 2013). By rethinking

consumption levels, embracing frugality and exchanging superfluous stuff for more free time, voluntary simplicity provides a pathway that can enable participation in, and organisation of, grassroots activism, while also being directly in-line with sufficiency-oriented values of degrowth.

As well as facilitating and enabling urban activism, a broader uptake of voluntary simplicity could also impact the organisation of the economy more broadly. By carving-out more time beyond the formal economy, new forms of community engagement and self-provision could arise (see next section) as well as increased ‘home-based production’ (see below) – all of which could begin to transform the economic landscape ‘from below’ by creating new economic agents and entities. Furthermore, existing modes of economic organisation and production may wither away as demand for certain high-impact products and lifestyles lose their cultural appeal (*e.g.* SUVs, ‘fast fashion’ and fossil fuels), including a shift in workplace culture and organisation as more people choose time over money, reducing working hours in a contracting formal economy. Indeed, degrowth could be defined as the politics (and macroeconomics) of voluntary simplicity.

Nevertheless, it is clear that the Voluntary Simplicity Movement must expand, radicalise and organise if it is ever to become a transformative political and economic force (Trainer 2010). This implies ‘a shift to change the everyday behaviours of billions of people, and, just as important, to change the “development” aspirations of other billions of people to realise such behaviour’ (Taylor *et al.* 2017: 796). Like all the examples discussed below, it is likely that online networking will need to play a key role in mobilising urban social movements in the 21st century (see Bennett and Segerberg 2012), primarily by reducing the transaction costs of organisation, networking and information sharing.

Transition initiatives, permaculture, and localisation movements

The ‘Transition Towns’ Movement (now generally referred to as ‘Transition Initiatives’) is a recent social experiment that emerged just over a decade ago – first in the UK and then expanded to more than forty countries around the world. It remains bubbling under the surface in many towns and cities (Hopkins 2008; Hopkins 2011). Whereas the more-established Ecovillage Movement has generally sought (or been required) to escape the urban context to establish experiments in alternative living, the Transition Movement, motivated by similar concerns, tends to accept

the challenge of transforming city life from *within* the urban boundary. A 600-page practical urban manual has just been published by co-ordinator of the permaculture concept, David Holmgren (2018), who calls on people to ‘retrofit the suburbs for the energy descent future.’

The fundamental aims of Transition Initiatives are to respond to the overlapping challenges of climate change, peak oil, social isolation and economic instability by decarbonising and relocalising the economy through a community-led model of change based on permaculture design principles. This urban movement has much overlap with the grassroots politics of degrowth outlined above, as well as broader localisation (de Young and Princen 2012) and permaculture movements (Holmgren 2002). Holmgren has even applied permaculture to organisational practices, arguing that they apply equally well to business. Here, two broad notions of ‘business’ can be distinguished. There is the conventional sense, defined by self-interested accumulation and all that this implies as a framing for capitalism. Of course, there would still need to be businesses in a degrowth economy, albeit alternative forms, through which production, circulation and consumption would be organised. This is not the place to develop a detailed institutional framework for an alternative economy, but the ‘participatory economics’ of Michael Albert (2004) or ‘community economies’ of J.K. Gibson-Graham *et al.* (2013) are paving the way.

Rather than waiting for governments to lead, urban communities in the Transition Movement are embracing the ‘power of just doing stuff’, as expressed by the movement’s most prominent spokesperson, Rob Hopkins (2013). In doing so, the movement runs counter to the dominant narrative of globalisation, representative democracy and economic growth. Instead, it offers a positive, participatory, highly localised but more humble vision of a post-carbon and post-growth future, as well as an evolving roadmap for getting there through grassroots activism. In the words of post-growth economist, Tim Jackson, this international grassroots movement is ‘the most vital social experiment of our time’ (quoted in Hopkins 2011).

Although still small and easily accommodated by capitalism at its current scale, something resembling an upscaled and radicalised Transition Movement may be necessary to the emergence of an urban degrowth economy from below. Again, without attempting a detailed sketch of the new economy, an upscaled and diversified Transition Movement would impact on economic practices and organisation through increased localisation of production, with focus placed on collective sufficiency over

limitless economic expansion. Simultaneously, any degrowth economy will need to ‘develop’ certain elements of the economy (*e.g.* renewable energy, public transport and organic food) – all of which is indicative of new organisational forms and capacities, decoupled from the logic of accumulation for its own sake.

Reactive urban mobilisations: Localised resistance to neoliberal urbanism

While the Transition Movement is generally focussed on building the new economy, it is worth noting that there are also historical and contemporary examples of urban communities mobilising in more reactive ways to the city as ‘growth machine’ (Molotch 1976) – opposing neoliberal urbanism rather than building an alternative. In the Australian context, the ‘Save Our Suburbs’ coalition is such an example, which is focussed on resisting the destructive renewal of urban consolidation and over-development (Lewis 1999: Ch. 10). This movement seeks to mobilise communities with the aim of establishing planning and design policies that maintain or improve neighbourhood amenity; are environmentally sensitive and sustainable; and are genuinely democratic and consultative in nature. The network is often demonised by planners and progressives who advocate market-based compaction. There is also a risk that the movement reflects a class of privileged actors who, far from being motivated by hopes of contributing to the common good, merely seek to maintain the clean and spacious affluence of their own often affluent and exclusive suburban contexts.

Nevertheless, this urban social movement (and others like it) may hold the seeds of something more progressive – at least potentially. The problem with current modes of urban development – especially poorly designed in-fill apartments on suburban subdivisions prevalent in contemporary Australia – is that the outcome often inhibits or render impossible the modes of urban sufficiency implicit in the vision for degrowth. Until urban communities mobilise in the face of capital and reclaim the right to shape their own urban futures, cities are likely to continue being shaped and reshaped by developers driven by profit-maximisation (Harvey 1989; Gleeson 2014), rather than the desire to transform urban landscapes in ecologically viable and socially convivial ways.

In this context the nascent ‘Extinction Rebellion’ deserves note, which recently erupted in the UK and elsewhere (Read and Alexander 2020).

Based on well organised and creative strategies of non-violent civil disobedience, it is the most recent example of reactive grassroots political mobilisation manifesting in urban contexts. It thus draws inspiration from activists and social movements as diverse as Occupy, Gandhi and the Independence Movement, the suffragettes, and the Civil Rights Movement. While still too early to assess the full potential and impacts of Extinction Rebellion, it has already achieved some of its goals by bringing renewed media attention to climate change and loss of biodiversity. It has also been a contributing factor to the UK becoming the first nation in the world to declare a state of environment and climate ‘emergency’. This is an apt example of how urban mobilisations can dialectically move from the streets to the governmental corridors of power: emerging in the socio-cultural sphere, but inducing – or threatening to induce – political and macroeconomic shifts in societal structures and institutions, which could then facilitate further cultural shifts.

An economics of sharing: Access without ownership

The fast-emerging ‘sharing economy’ is another primarily urban phenomenon and signifies one of the theoretical buzzwords of recent years (Frenken 2017). The density of populations in urban centres, coupled with Internet access, provides fertile grounds for sharing economies to flourish, and it is heartening to see this movement expanding in cities around the world (Nelson 2018). By sharing more between households – facilitated by the Internet or traditional community engagement – less energy and resource intensive production is required to meet social needs. Even in a contracting economy (whether by design or by crisis), households can still secure access to tools and other materials, provided a culture of sharing emerges. This is the revolutionary reinterpretation of ‘efficiency’ implicit in the degrowth paradigm: produce less, share more. Beyond goods and services, theorists are beginning to explore the potential of sharing land and housing as a promising means of overcoming some of the access barriers to this fundamental need (Nelson 2018). In what has become a slogan of the movement, the sharing economy is about ‘access without ownership,’ suggesting that a revision of property relations is underway.

As always, caution must be shown, as the sharing economy is a broad umbrella, which can include forms easily co-opted by conventional economic practices which, thereby, lose their transgressive force (Frenken

2017; McLaren and Agyeman 2017). For instance, AirBnB has few environmental credentials if it merely makes long-distance travel more affordable; while access to expensive handbags through sharing schemes is not progressive if it entrenches consumer culture. In contrast, the online organisation, ‘Streetbank’, is one of the most authentic expressions of sharing: people create accounts and list what they would like to borrow from and share with neighbours, without money ever changing hands.

It is clear that in a degrowth economy, non-monetary sharing of this latter kind provides a key strategy for adapting to, and even flourishing in, conditions of economic contraction. ‘Wealth’ is created by sharing, without needing extra (and even reducing) resource or energy intensive production. The challenge will be to ensure that the new economic organisations that emerge in the ‘sharing economy’ are not merely exploiting under-utilised assets for private benefit, but are structured cooperatively to permit and create broadly distributed common wealth (see Bauwens and Amos 2018). Otherwise the sharing economy will merely be a mask for the same old logic of private accumulation and have little transformative force.

Home-based production and the informal ‘gift’ economy

An urban degrowth movement might also involve turning the household (once again) into a place of production, not merely consumption. On this point, some inspiration can be found in the past. Patrick Mullins and Chris Kynaston (2000) assess what they call the ‘urban peasant thesis’, and their review of the evidence shows that up until the middle of the twentieth century, Australian urban households operated a highly developed subsistence-based, domestic economy. This included the production of foodstuffs in suburban backyards, but extended to the manufacture of other household goods, including clothes, furniture and even owner-built housing. Thus the dwelling and the yard were seen primarily in utilitarian, rather than aesthetic, terms. This ‘urban peasantry’ declined, however, in the post-War boom, as the rise of mass consumer capitalism enabled households to purchase goods previously produced within the household. Any degrowth or post-capitalist transition may well see the reemergence of an ‘urban peasantry’ in this sense, albeit one shaped by different times and concerns. If the automation of the workforce leaves more people unemployed, it may be that people have the time (and incentives) to invest

in home-based production as a means of self-provision, thus pointing to new (or resurrected) places of work. This shift from formal economy to household economy is also another example of post-capitalist economies, insofar as goods and services are primarily produced for use, rather than exchange (Gibson-Graham 2006; Gibson-Graham *et al.* 2013).

An urban degrowth economy also implies an incremental re-emergence of the gift economy – to some extent, at least (Eisenstein 2011). If material living standards are forever expected to rise, long working hours required to support that ongoing material advance will generally leave people ‘time poor’, making it difficult for people to gift their skills and resources in the spirit of community and neighbourly support. By consuming less and carving out more time for practices outside the formal economy, the practice of voluntary simplicity also can also enliven the informal ‘gift’ economy. In similar ways to sharing practices, this can ensure society’s needs are met even in a contracting (formal) economy.

The multitude of (mostly small) examples: Toward a degrowth urbanity

We have highlighted a few key examples of what can tentatively be considered the emergence of a degrowth urbanity. Other examples deserving further attention are the rise of ‘DIY’ or ‘fix it’ repair workshops and ‘bike kitchens’ (Bradley 2016); the growing tide of climate activism and divestment campaigns; the exploration of local currencies and cryptocurrencies; progressive unions; as well as culture jammers and oppositional artists who are exposing the violence of current institutions and telling new narratives of progress and prosperity. Although most of those subcultures and counter-practices do not use the vocabulary of ‘degrowth’, each of them can be seen to be working on an aspect of societal change consonant with visions of degrowth (Crossley 2003). ‘Green’ political parties are also playing a role, by emphasising value-orientations and policy platforms that are (or try to be) less subservient to the neoliberal rule of capital. However, due to the various growth imperatives reviewed earlier, they are finding enactment of a post-capitalist politics a thorny practical challenge. Accordingly, we agree with Taylor *et al.* (2017: 798) that ‘at this juncture of capitalism, there is a need to embrace a myriad of radical groups [...] rather than a monolithic single national party to provide opposition to capital.’

Nevertheless, one must not exaggerate what remains a notable, albeit marginal confluence of urban social movements for deep change. The world does not appear to be on the brink of a degrowth revolution. The

movements for change noted above could easily fail, unable to thrive in the inhospitable context of neoliberal capitalism. In our view, however, there are reasons to believe that a degrowth urbanity is emerging, even if it is very much in its infancy. The fact that the degrowth movement *must grow* to achieve its aims is an irony not lost on the authors.

The triggers which will ignite that expansion is a key question that has not been addressed in detail. Our article began with the pessimistic acknowledgement that we see little hope in governments leading the change toward degrowth. We close by pointing to a different, even deeper pessimism: any urban social movements for degrowth are unlikely to scale-up significantly until (deeper) global crises shake people awake. Crisis can be a mobilising force (Solnit 2016), and significant societal change may well require the instability that crisis creates. The urban agriculture practices that emerged in Cuba after the collapse of the Soviet Union (greatly reducing Cuba's oil supply) provides an example of how to turn crisis into opportunity (Friedrichs 2013; Boillat *et al.* 2013) – even as one must not to gloss over the hardship entailed by Cuba's 'special period'. There are also a range of hopeful responses to the economic crises in Greece, which offer insight into ways of dealing positively with challenging and turbulent times (see Kalogeraki 2018).

This is not to romanticise or desire crisis. When the crisis of capitalism deepens – perhaps in the form of a new financial crisis, further ecological breakdown or another global pandemic akin to COVID-19 – the task will be to ensure that such destabilised conditions are used to advance progressive humanitarian and ecological ends rather than exploited to further entrench the austerity politics of neoliberalism. Of course, the latter remains a real possibility, as the arch-capitalist Milton Friedman (2002: xiv) said:

Only a crisis – actual or perceived – produces real change. When that crisis occurs, the actions that are taken depend on the ideas that are lying around. That, I believe, is our basic function: to develop alternatives to existing policies, to keep them alive and available until the politically impossible becomes the politically inevitable.

Our vision is for a confluence of networked urban social movements to build a new degrowth economy within the shell of a decaying capitalist economy. This is not because this grassroots approach is necessarily the best way to create a degrowth economy, but because there does not seem to be any mechanism for its emergence other than social movements building it from below, especially in times of crisis. Only *after* this new

economy has significantly scaled-up will there be any prospect of a significant politicisation of degrowth from the top-down – that is, through mechanisms of government, law and regulation. In short, a politics of degrowth depends on a culture of collective sufficiency, solidarity and self-provision that prefigures a degrowth economy and, over time, demands its reflection in societal structures and institutions. To begin with a ‘top-down’ approach would put the cart before the horse.

Conclusion

The theory of change sketched in this article maintains that degrowth will not be realised until there is a confluence of engaged and active urban social movements that demand degrowth (or something akin to it) and are prepared to drive new worlds into existence from below. Many cities of the Global North are in thrall to neoliberal governance regimes wedded to freewheeling growth and opposed to democratic steering of economies and resources (Harvey 2013, Swyngedouw 2009). In such settings, no single observed movement for degrowth is currently capable of inducing the revolutionary changes required for degrowth.

Nevertheless, there are a variety of existing and emerging urban social actions and coalitions that, while far from representing an organised movement for degrowth, prefigure aspects of what transition politics could look like if radicalised and organised over the long-term. In his recent book, *The Promise of the Political*, Erik Swyngedouw (2018) asserts the power of urban insurgencies – the sorts of radical uprisings seen in global cities in recent years – to reassert urban politics in the quest for sustainable futures. At a time when so-called ‘representative democracies’ are deeply compromised by various growth imperatives, urban social movements have a significant and necessary role to play in reasserting participatory democratic control over urban futures.

Furthermore, as the dominant growth economies continue to collide with ecological limits in coming years, the case for degrowth should become clearer to more people, which could act as a mobilising force. Given the new urban preponderance – which is likely to continue to strengthen this century – cities will be the foreground of human responses to global ecological crisis. If, as urbanists insist, they are machines for human ambition, they must clearly be rewired – literally *reorganised* – for a post-growth world.

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LAND COMMODIFICATION AS A BARRIER TO POLITICAL AND ECONOMIC AGENCY:

A DEGROWTH PERSPECTIVE

**Alex Baumann, Samuel Alexander and
Peter Burdon**

In response to today's political, ecological, social and economic crises, a broadly anti-capitalist 'degrowth' movement has emerged. This critical body of literature and activism sees the growth imperatives of capitalism as being fundamentally incompatible with our finite and increasingly degraded planet (Weiss and Cattaneo 2017; Kallis *et al.* 2018; Alexander and Gleeson 2019). Degrowth advocates are virtually united in their call for the developed – or, rather over-developed – regions of the world to initiate a process of planned and equitable contraction of their energy and resource demands, with the goal of moving toward a stable, broadly egalitarian, steady state (or zero-growth) economy that operates within the sustainable carrying capacity of the planet (D'Alisa *et al.* 2015).

Although the degrowth movement has no singular vision of the 'good society' (Kothari *et al.* 2019) or singular theory of transition, there seems to be broad support for the notion that a degrowth society, if it is to overcome the many social, economic and political obstacles in the way of its emergence, will have to be driven into existence from the grassroots up, with individuals, households and communities coming together to 'prefigure' a new post-capitalist society within the shell of the old (see D'Alisa *et al.* 2015). According to this broad theory of change (Buch-Hansen 2018), such prefigurative action is projected to filter upwards over time to change social, economic and political structures in recognition of the systemic nature of the problems (Alexander 2013; Trainer 2010).

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The privileging of grassroots or community-led action is mainly due to the widely shared perspective that the ability or willingness of politicians or business to lead a degrowth transition is scarce-to-non-existent (Alexander and Gleeson 2019; Rickters and Siemoneit 2019). Nevertheless, despite the coherency of these doubts, similar doubts could be levelled against hope for a degrowth transition rising up from any kind of a socio-cultural groundswell (Frankel 2018; Sanne 2002). Indeed, this article argues that such paralysis in degrowth transition theory stems from the growth imperatives of the dominant politico-economic order of global capitalism – particularly relating to land, whereby ordinary people expected to lead the transition are essentially locked into market participation to buy or rent housing and keep a roof over their head.

While the biophysical aspects of the degrowth perspective are important, coherent and largely compelling – indeed, we accept the validity of the case (Turner 2019; Kallis 2017) – the movement has given insufficient attention to land and housing costs, which are significant barriers hindering true political and economic agency and any grassroots driven degrowth transition. As we will argue, the struggle for access to land and housing almost always locks people into sustained, but not sustainable, market participation.

While land has been analysed by political economists for centuries (see below) – including astute analyses within this journal (see, *e.g.* Collins, 2018; Munro 2012; Anderson 2011; Morris 2010; Foley and Anderson 2006; Jordan and Stilwell 2004) – none have presented an extended analysis of land in the context of the ‘limits to growth’ predicament (Turner 2019). Nor have they examined how access to land in market societies is a barrier to prefiguring sufficiency-based ways of living necessary for post-carbon social structures to emerge within the safe operating space of planetary boundaries (Steffen *et al.* 2015). Our contribution to the literature is to analyse this terrain, exploring why access to land is a barrier to a degrowth transition and how that barrier could be removed, or partially removed, to facilitate a degrowth transition.

We could present our central thesis in a different way. Those in the degrowth movement who have been fortunate enough to afford land and housing may be able to grow their own organic food, put solar panels on their roof, bike to work, and reduce working hours in the formal economy – and these practices may indeed provide some important prefigurative degrowth examples of localised economy, downshifted consumption, and

post-carbon energy practices. However, we will argue that they provide a fundamentally compromised example of a degrowth pathway. Many of those practices imply access to land, with the implication that ‘downshiffters’ are often in a minority of privileged market actors – spending decades ‘buying in’ to the market economy in order to downshift lifestyles and ‘opt out’. Anyone seeking to follow their example would also have to commit to long and successful market participation to afford their rent or mortgage payments. In short, it is very hard, and often impossible, to live a life of downshifted consumption and increased self-sufficiency, especially in modern urban contexts. In turn, this entrenches the ecologically destructive paradigm of economic growth, essentially locks people into market participation and consumerist lifestyles, and inhibits people prefiguring local and post-carbon modes of production and consumption. Our reading of this structural obstacle to degrowth suggests that this reality represents a deeply problematic curtailment of political and economic agency, because land privatisation only permits agency (such as related to degrowth) to emerge *within* a market context.

We begin by briefly acknowledging how land and democracy have been linked in political theory and practice, before reviewing how the foundations of capitalism in the historical ‘enclosures’ movement dispossessed people from land upon which to live and a commons from which they could source a livelihood. We then unpack the reasons why the struggle to access land and housing, especially in contemporary urban contexts, has oppressive and ecologically problematic implications that must be recognised as major barriers hindering a degrowth transition. The fundamental implication of this realisation is that degrowth and related movements must give increased attention to land, housing and property rights as a fundamental enabler and prerequisite to any degrowth transition (Buch-Hansen 2018).

Accordingly, after presenting a detailed case for this neglected obstacle to degrowth, we consider what new land governance arrangements might look like if they were designed to foster and enable sufficiency-based living consistent with the degrowth imaginary. We will defend a strategy we call ‘Neighbourhoods that Work’, which essentially involves providing people economically and socially marginalised by late capitalism with (1) access to public land and housing; and (2) a ‘participation income’ (*ie.* a modest living wage) for helping build new, relocalised, ecologically viable and socially just communities and economies.

As we outline this approach and unpack a broader vision for transition, we will argue that this strategy could support the prefigurative action mandated by the degrowth movement. Just as importantly, it may expand the political imagination to make more space for degrowth in cultural visions of progress and prosperity. Central to this vision is recognition that access to land, just as with air and water, is not a commodity. Rather, land is an essential element of nature, necessary for the realisation of many human rights (Polanyi (2001 [1944])). In turn, we explore how a strategy combining public tenure with productive local community development programs could open a new post-growth pathway. For those public residents choosing it, this option could represent a shift in their status as economic citizens. Such a new option could help overcome what has become a very destructive binary – where people are either positioned as ‘successful market citizens’ (having secured paid work and private housing), or are positioned as ‘flawed citizens’ (because of their inability to do so and resultant welfare dependency) (Flint 2003; Bauman 1994).

The broader theory of transformation we will defend is that demonstrating successful examples of new land and economic arrangements, even if initially at a small scale, could also be of critical importance as the existing system comes under greater stress and potentially collapses (Streeck 2017). As more people are cast into unemployment or insecurity by financial crises, the automation of jobs, globalisation of labour, intensifying global climate change and pandemic events, phasing-out of high impact industries like fossil fuel power stations, it is highly likely that they will require and demand new housing and community options that are both economically and environmentally sustainable.

How land privatisation has locked people into the growth economy

While missing from most contemporary political, economic and environmental discourse, many of the themes around land at the centre of this article are not new. The importance of land access and its foundational implications for economic and political freedoms can be traced back to a perspective found in the commons (Hickel 2019). There is also a tradition in political theory that holds-up land access as a prerequisite for genuine economic democracy (Lasch 1995). In this section, we provide a cursory

theoretical and historical review of such literature to contextualise our contribution.

Land and democracy in political theory

Amongst historians and philosophers, there is a tendency to separate human and natural history (Chakrabarty 2009: 201). Jacob Burckhardt (1979: 31) provides an illustration:], holding that '[h]istory is not the same thing as nature' and history 'is the breach with nature caused by the awakening of human consciousness.' This position has been challenged in other disciplines. For example, in nature writing, Aldo Leopold (2013) brought to life the active role that land has played in shaping human social relations and institutions. More concretely, in political economy, Marx (1981 [1867]: 949) theorised the potential for a metabolic rift in capital accumulation, and land was central to Locke's (1988 [1690] labour theory of value and the classical liberalism which sought to carve out a 'private sphere' into which the state had no right to enter. Yet, despite these celebrated writings, land remains a minor player in cultural history and theories of democracy and self-governance.

A rare exception to this is nineteenth-century US political theory. Within this context, there flourished deep reflections on the importance of land in a robust democracy (Lasch 1995: 7; Newton *et al.* 2006: 43). The catalyst for these writings has a material explanation – the (colonial) frontier opened new kinds of political participation and pacified class fears about expanding the franchise to poor males (Smith 1973). 'This fear' notes Christopher Lasch (1995: 7), 'rested on the observation that a degraded laboring class, at once servile and resentful, lacked the qualities of mind and character essential to democratic citizenship.' However, the opening of land on the Western frontier diminished the prospect that unhappy workers could join together and organise for better conditions or more decision-making power (Newton *et al.* 2006: 43). Of course, it must also be made explicit that the expansion of the frontier displaced First Nations people who waited until 1924 for enfranchisement.

Thus, land was integral to the development of US democracy and, in time, foundational figures like Thomas Jefferson promoted the idea that democracy required a commitment to landownership and secure tenure (Newton 2006: 43; Griswold 1946; Hardt 2007). This argument went beyond the truism that the public sphere must be grounded in a physical

place and included the idea that landownership enabled citizens to develop certain ‘democratic habits’, such as ‘self-reliance, responsibility, initiative’ (Lasch 1995: 7). Property provided the foundation for people to develop these basic competencies and opportunity for people to solve common problems together. Jefferson had grander hopes than this. For him, ‘a society rooted in the soil would exercise a salutary curb on the destructive commercial passions, stifling their propensity toward avarice, speculation, exploitation, and war’ (Yarbrough 1998: 79). While limited, these ideals were given expression in place-based celebrations that flourished at the turn of the twentieth century. Perhaps the best documented example is in the Indiana dunes pageant, which utilised its secure tenure system to enact rituals of peace, democracy and ecological preservation (Engel 1986).

Jefferson’s recognition of the centrality of land in social life was developed further by Henry George and John Dewey. George focused on urban land and raised concerns that poor people could be (and were being) priced out of the market and excluded from amenities and social relations vital to democracy (1886: 240-2). Building on George’s concerns, Dewey argued that land value taxation was necessary to establish a ‘public’ or ‘great community’ based on personal interactions and face-to-face experiences. Dewey (1946: 219) argued that this was essential for democratic life: ‘intelligence is dormant and its communications are broken, inarticulate and faint, until it possesses the local community as its medium.’

Today it is rare to find the connection between land, democracy and citizenship expressed in such rich terms. There are several interconnected reasons for this, including the enclosure of the commons and the way neoliberal rationality has economised our thinking and reduced landowners to taxpayers or vehicles for stimulating economic growth (Brown 2015). We now turn to consider those pressures, beginning with the enclosures that became widespread from the 16th century. We contrast access to commons with the contemporary situation dominated by the central institutions of capitalism – private property and the market. This highlights how the privatisation of the commons changed the contours of political participation and reshaped political subjectivities of citizens in ways that are increasingly entrenched within the growth paradigm of political economy. To the extent that this paradigm is unsustainable and distributively unjust, such entrenched subjectivity undermines the prospects of genuine ecological citizenship and political participation.

The commons, privatisation and changing political subjectivities

In feudal England, the common was an integral segment of the estate or manor that was overseen by a lord. In this system, an individual was typically born into the allegiance of local nobility and provided labour and other forms of feudal duties to a land 'lord' in return for use of the lord's land and protection from invasion. This arrangement was characteristic of Europe in the eighth century through to medieval times (Neeson 1993). While commoner land rights indeed restricted and far-from-ideal in feudal times, the extent to which land remained unexploited by the nobility allowed the continuation of ancient subsistence traditions (Yadle 1992). However, under feudal exploitative conditions, these land rights were ultimately eroded and lost as it became profitable for the nobility to enclose the commons (Thompson 1991). Struggling or unable to secure a livelihood off the disappearing commons, more people were driven into the cities to sell their labour, work in factories and purchase access to land – the birth of the proletariat and rise of capitalist social relations. Although times have changed, this process of urbanisation is still underway today (Linebaugh 2014).

In accordance with this dispossession, E.P. Thompson states that enclosure 'made the poor strangers in their own land' and that '[i]t would be fair to say that our people resisted tooth and nail against being turned into the working class' (1991: 184). It was of course this European notion of private property and market modes of participation that was spread through the world by colonisation, a striking example being the British colonisation of Australia (Roberts 1969).

Pre-enclosure commoners retained a form of subsistence access to land that was still direct, not tradable, and not entirely subsumed by exploitative forces. It provided a context that shaped what it meant to be a good member of society – a good citizen. In this 'commons' conception, good economic citizenship involved performing local, collaborative and productive roles on common land. Contrary to Hardin's 'Tragedy of the Commons' thesis (1968) – which fails to acknowledge any kind of community of users and instead sets forth a fictional unmanaged individualistic free-for-all system – commons have been successfully managed over countless millennia by widespread communities with complex and varied systems of boundaries, rules, social norms and sanctions against free riders (Ostrom 1990; Basurto and Ostrom 2009; Bollier 2014).

This economic and social form of good citizenship is remarkable in that it can be directly contrasted with the reality of the contemporary market citizen, whose access to land – and, in turn, economic, political and social existence – is primarily subsumed by the market (Hickel 2019). The market, rather than any kind of direct relationship with land, has become the location of ‘normal’ acts of economic and political participation. It can, thus, be concluded that the perspective or rationality shaping current democratic subjectivities (as well as all other rights) is directly informed by the market paradigm (Brown 2015). For example, public-housing residents, in their use of public land and efforts at local unpaid collaboration (*i.e.* ‘tenant participation’ schemes), are not recognised as ‘good’ economic citizens – an issue to which we will return. Instead, public tenure is constructed within a ‘charity’ framework and, if at all possible, as a stepping-stone to acts of ‘real’ or ‘normal’ economic citizenship – such as paid work and private housing. The obvious shadow of this framing is that public tenure is constructed as a site of dependency and what John Flint (2003) and Zygmunt Bauman (1998) term ‘flawed’ economic citizenship.

Both pre-enclosure commons and pre-colonial Indigenous subjectivities on land, housing and participation remind us that the market discourse dominating economic and democratic citizenship can be juxtaposed against another perspective and discourse. This alternative discourse contains within it notions that fundamentally reshape thinking about ‘good’ economic, political and social citizenship. In this pre-capitalism subsistence perspective, we meet a fundamentally different citizen: one whose independence, productivity and integrity come from a direct and intimate relationship with common land and subsistence collaborative participation, rather than private land ownership and selling their labour in the market (and subsequent dependence on economic growth).

This brief historical account identifies and contextualises the market rationality dominating contemporary conceptions of democracy. As argued below, it also has the potential to lay the groundwork for an alternative path, with different implications for citizenship.

What does current land (and housing) governance mean for degrowth and democracy?

Despite the political, economic and social freedoms presumed available in Western democracies, these do not exist in a vacuum. Rather, our freedoms must attempt to navigate and survive within a highly pressurised market context – central here being the payment of a rent or mortgage.

While much scholarship points to various injustices and inequalities related to this market context (particularly within neoliberalism), the notion that we are nevertheless democratically free remains principally accepted in the collective ethos. To undertake a foundational critique, we are seeking to re-examine a key institution of Western liberal democracy – the idea of land privatisation. By re-politicising this particular economic institution (which is historically synonymous with Western liberal democracies (Locke 1988 [1690]; Smith 1970), we seek to expose a structural obstacle to genuine democratic freedoms and political participation. Our analysis explores democratic freedom in terms of private land as an economic determinant – where citizens of capitalist economies have no option other than to secure market opportunity to gain access to land for housing, which delimits the scope of people’s political and economic freedom – shaping everything from their daily economic activities and relationships to their voting practices.

The logic of our argument so far can be briefly restated, beginning with the context of ecological overshoot. In the overdeveloped capitalist nations, planned contraction (or degrowth) of energy and resources is needed for justice and sustainability – and it follows that being free to practice degrowth and vote for degrowth must be an option. Since governments and businesses under capitalism have various growth imperatives that are antithetical to degrowth trajectories (Rickters and Siemoneit 2019), most degrowth advocates seem sympathetic to a theory of change that privileges grassroots, prefigurative action ‘from below’, assuming with good reason that degrowth will not be introduced by government and business leaders from the ‘top-down.’ This is coherent so far as it goes. However, when one then questions how degrowth supporters and activists are supposed to prefigure the new society within the structural constraints of capitalism, it becomes clear that access to land creates a major barrier to living in ways consistent with the degrowth imaginary.

To understand the degree of the pressure faced, consider the fact that Australia's long-running housing crisis has seen house price inflation outstrip income growth since the early 2000s (Wilkins and Lass 2015). According to the Grattan Institute, median Australian house prices have 'increased from around 4 times median incomes in the early 1990s to more than 7 times today (and more than 8 times in Sydney)' (Daley *et al.* 2018: 16). This persistent housing affordability crisis has placed tremendous and unrelenting pressures on a broad gamut of Australian households – from intensifying rental affordability problems for those with lower incomes, to over indebtedting and locking-out would-be first home buyers (Pawson *et al.* 2020a). Contemporary housing scholars, such as Hal Pawson *et al.* (2020b: para 2), recognise that this problem of housing unaffordability is:

fundamentally structural – not cyclical – in nature. Yes, periodic turbulence affects prices and rents. And yes, market conditions vary greatly from place to place. Australia-wide, though, there is an underlying dynamic that – over the medium to long term – is driving housing affordability and rental stress in one general direction only: for the worse.

Surely, if there were a 'structure' we may review in this regard, it is the structure of the commodification of land, which is not so much a market good and more a social need. In the context of this tremendous and lifelong pressure to pay, our daily democratic, economic and lifestyle practices will necessarily be constrained by the reality of meeting what is a generally unavoidable mortgage/rent obligation. Meeting this obligation is no small matter and has a range of knock-on implications: affecting what a person does for work, how much they work, their need for a car, what they wear, where they source their food, and a range of other consumer habits. Within the market paradigm, where land is intensely commodified, our political and economic agency or freedoms become contingent on our ability to acquiesce to markets. In this market paradigm, we are not free to live simply off the land. What would Jefferson say to that? In this regard, private land is pivotal to broader social relations within capitalism. This is consistent with a Marxist perspective, where alienation from land is indicative of the separation of the majority from access to the means of production more generally, creating market dependency for housing and many other essential goods and services (Wood 2012).

Furthermore, since most people are under financial pressure to afford rent and mortgage payments, they are effectively dependent on growth-orientated political parties – a dependence which has significant

implications for how many vote. For households struggling to make ‘ends meet’, the idea of degrowth can seem to be antithetical to their immediate economic and survival needs and, thus, unthinkable.

The degree to which most people in capitalist societies are dependent on market opportunity for housing security has crystallised during the COVID-19 economic crisis, with the declining economy resulting in a threat to people’s ability to service their rent and mortgage payments (Ong Vifor 2020). In light of this relationship between economic opportunity and something as basic-to-survival as shelter, it is little wonder that political parties live or die on their ability to secure ‘Jobs and Growth’. Even purportedly progressive parties like the Greens must attempt to demonstrate their viability by mapping some sort of path to jobs and growth (Greens Policy 2018). Where such ‘progressive’ green-Left parties are forced to promise growth to demonstrate their leadership viability, how can we expect a broader prefigurative degrowth movement to emerge? Our critical point is that the market paradigm, through the privatisation of land, thwarts the right to pursue degrowth in our lives and politics.

Beyond critique, our positive intervention is to emphasise why changes to land governance are a fundamental prerequisite for enabling and expanding the degrowth movement (and related movements). But, in ways to be explained, our transition theory is organic and pragmatic rather than revolutionary – although, we will argue, not lacking the potential to be transformative. If land commons could be restored for housing, it would release people from what is essentially the largest and most unavoidable part of their dependence on the market. Given common land, those wishing to engage in pre-figurative degrowth practices would be free to focus their labour on myriad subsistence needs – from self-build housing and maintenance, to food production, resource repair and share programs.

Our more nuanced theory of change is this: as more people recognise the forthcoming dangers presented by the ‘limits to growth’ predicament (Turner 2019), we expect that the degrowth movement, or something like it, will expand more broadly into the cultural consciousness. Indeed, this is already underway (Drews and van den Bergh 2016). As more people accept that governments and businesses are unable to lead a degrowth transition and endeavour to live materially downshifted, post-carbon lives, it is inevitable that they will discover that access to land is a foundational structural impediment – making transition difficult or impossible. Frustrated by this barrier to living their values and exercising democratic

agency, the movement will shift its focus to land rights advocacy, in order to broaden access to land, thereby enabling greater freedoms to choose a sufficiency-based way of life without such extensive and prolonged market engagement. Indeed, mandating broader access to land may become a necessary political expedient if economies enter prolonged crisis or deterioration and engender increasing unemployment and social tension (Alexander and Baumann 2020a).

If this movement were successful, people would no longer be under such constraining financial pressure to meet basic land and housing needs via extended market participation. Sufficiency-based living would be a more viable option through new land governance arrangements. This post-consumerist culture would expand the political imagination beyond growth politics and, over time, lead to more extensive institutional and structural changes in the direction of degrowth (Alexander 2016).

A politically palatable land strategy is needed to begin: From theory to prefigurative politics

All sustainability movements need to answer the question: how can we shelter and feed ourselves if not through (unsustainable) long-term market growth and participation? Until this question is answered, sustainability movements, including degrowth, will continue to be movements that are too often elitist, out of touch, politically alienated and sadly, hypocritical in what they demand from government, industry and, most importantly, ordinary people trying to make ends meet.

In recognition of this inescapable need for inclusivity and degrowth, we will now explore a land and community development strategy that we think has the potential to be politically palatable. That is, we are choosing to be pragmatic rather than idealistic. Indeed, we believe that, if framed correctly, this strategy has the potential to provide benefits that could be marketed beyond ‘progressives’ to economic and social conservatives. This strategy is seeking to help remedy what has become an extremely polarising social and environmental justice debate – where economic prosperity and opportunity are often in contention with environmental and social justice.

In the following sections, we argue that if public land and participation experiments could begin to show potential as enabling a flourishing but low-impact mode of living, they could play a role in the provision of real-

world examples of non-private property relations and a new form of economic opportunity/agency.

Neighbourhoods That Work (NTW): A public housing strategy

We are calling our strategy ‘Neighbourhoods that Work’ (NTW). As foreshadowed in the introduction, this involves linking (and ultimately expanding) existing government policies with public housing residents that could elect to secure their unemployment benefit as a ‘participation income’ (through the existing voluntary-work-dole-the-dole scheme).¹ For unemployed residents who volunteer, this would give them a participation income for a formal 15 hour per week commitment to community development work (Baumann and Alexander 2019). Combining this validation of voluntary local community development work with existing public housing, while not without challenges², provides a starting point for those seeking to practice prefigurative degrowth practices and lifestyles effectively proscribed by the structural centrality of commodified land in the current market context.

The first step in developing this strategy involves addressing the problematic way public housing is understood within neoliberal market framing and what alternative framings might need to encourage. Despite decades of neoliberal policies, many countries around the world maintain some heritage of public housing (or ‘social housing’, which includes housing managed and, in some instances, owned by a community organisation for a specific social purpose). We will argue that public housing could offer a starting place to begin to envision and practice an economic variant to private housing. We believe this variant has the potential to re-frame public housing beyond existing connotations of dependence and transition, and remove the barrier to sustainability outlined above.

In some public housing communities, particularly public housing estates, residents already self-select to participate in community development

1 See the policy at: <http://guides.dss.gov.au/guide-social-security-law/3/2/9/130>.

2 As part of an incremental neoliberalism, public housing has increasingly been framed as ‘transitional housing’. In NTW’s conception, public housing will be seen less as ‘transitional’ housing if it can progressively be seen less as a welfare safety net and more as part of a viable and economically responsible direction for ‘good economic citizenship’.

programs (sometimes under the umbrella of ‘tenant participation’), such as community food gardens, resources repair/share programs, housing management, maintenance and, in the UK, even housing construction (Hedgehog Self Build Housing Co-op 1996). In this way, public housing provides an example – albeit limited and sometimes problematic (Baumann 2011; McKee 2008) – of publicly owned land for a form of community development that is local, cooperative and not inherently defined by dependence on market growth.

Unlike most market citizens, who must secure life-long market opportunity just to keep a roof over their heads, public housing residents, with affordable access to land and housing, have the potential to realise a very different opportunity. If reframed, the potential is for willing residents to create local or community-based activity to supplement their needs and, indeed, minimise the need for income via the market. Such supplementing is, of course, incremental and, in the meantime, unemployed participants would be no worse off (Alexander and Baumann 2020b). Before explaining the NTW policy in more detail, we first address the problematic framing of public housing and welfare under the neoliberal orthodoxy.

The dependency framing of public housing

In its current form, public housing is almost exclusively constructed within the prism of welfare dependency. This construction seriously constrains the productive agency of residents, in that it has had a detrimental impact on the success of community development programs, like tenant participation (Baumann 2011). In this dependency framing, public housing residents are regularly presented as being flawed or failed economic citizens (Baumann 2016; Flint 2003; Bauman 1998). This perceived deficiency is constructed within a market rationality, in which citizens’ economic obligations are best served through acquiring and maintaining paid employment and private housing (Bauman 1976, 1998). In this market mentality, accentuated by neoliberalism, good economic citizens are taught to recognise themselves (and others) primarily by two key hallmarks of economic achievement: paid-work and private housing (Flint 2002; Pateman 1989). Flawed citizens can, conversely, be identified by the lack of these two key hallmarks.

Such perspectives on the ‘shortcomings’ of public-housing tenants are illustrated through the agendas of various tenant-participation programs

that have been created in numerous national contexts, including Australia. Many of these programs have been experienced by public residents as being less about helping them ‘find a voice’ – and achieve vital community development goals – and more about capacity-building tenants (McKee 2008) with the skills and subjectivities required for their integration into paid-work and private housing (Arnstein 1969; Baumann 2011; Flint 2003).

This market construction of good economic citizenship has been accentuated in recent years through a regime of incremental neoliberalism. For instance, Queensland’s landmark twenty-year review of its tenant-participation program (Department of Communities Housing and Homelessness Services 2011) reinforced the market agenda for tenant participation programs. This review not only positions paid employment as an outcome of capacity-building among residents, but asserts employment as the first and most central objective of tenant participation.

While accentuated by neoliberalism, this market context for tenant participation is hardly new. Indeed, it was identified at the very inception of these programs. Arnstein (1969: 219) found that these programs were only ‘masquerading as citizen participation’ and that: ‘[t]heir real objective is not to enable people to participate in planning or conducting programs, but to enable powerholders to “educate” or “cure” the participants’ (Arnstein 1969: 217). In such terms, critical scholars like Flint (2003: 614) point to ‘the new attitudes and skills involved in tenant participation’ as an attempt to help subjects ‘create the means for their own consumption, primarily through gaining access to the labour market’.

Should individuals choose not to be ‘cured’, and adopt such market subjectivities, their behaviours are in turn problematised. As Bauman (1998: 614) outlines:

individuals unable or unwilling to undertake these ‘normalised’ acts of consumption become conceptualised as flawed consumers, with a particular focus on the deficiency of those reliant on allocated, as opposed to chosen, goods.

Beyond this construction of residents’ economic subjectivities by market state housing actors, resident participation subjectivities are also directly shaped by Federal Government agencies, such as Centrelink. In this regard, unemployed residents often have mutual obligations where tenant

participation activities are typically not recognised, and can even be seen as unauthorised and in breach of job search time commitments.³

The only alternative to job search or employment-related capacity building (such as study) is that residents must capitalise on their dependency (eg. disability pension), rather than their capacity. In this setting, where only welfare dependency or market engagement is authorised, unpaid local community development is often unvalued, discouraged and undermined – seriously limiting alternative expressions of productive political agency. In this way, some public housing residents – who may not have the spirit or ability to secure paid work – are forced into dependency subjectivities. Where an absolute binary of market integration or welfare dependence is established, dependency subjectivities inevitably emerge as both a defence and a necessity by people alienated by market-based constructions of participation and housing (Baumann 2016).

The NTW approach that we are unpacking critically engages with and challenges this neoliberal construction of good economic citizenship by juxtaposing it against a pre-market perspective. This alternative perspective asserts that collaboration on non-private land is, in itself, a valid expression of productive or active citizenship. In fact, local collaboration on non-private land is a very widespread idea that is far from new. Despite it being rendered invisible by the full gamut of market actors and forces, it is humanity's oldest and most widespread mode of productive operation (Ostrom 1990; Gibson-Graham 2010; Bollier 2014). For Indigenous Australians, it underpinned their way of life for tens of thousands of years (Rose 2000, Common Ground 2020). Similarly, in Britain, people lived and locally collaborated on common land for many thousands of years before it became enclosed (Thompson 1991).

We are arguing that productive collaboration in public housing has the potential to re-establish a 'common' productive space, in a modern and urban setting. This would liberate a non-marketised form of political and productive agency – providing an alternative to the false dichotomy of market integration and welfare dependency. Ultimately, we feel that a validation of housing and local collaboration on public land (a commons

³ In the Australian context, unemployed public residents are expressly limited in the amount of hours they can volunteer and are expected to drop any community development commitments on demand. Instead, they are compelled (at risk of income penalties) to enter into market-related mutual obligations – such as job search or study (Australian Government Services Australia 2020).

form of development) is a necessary foundation for restoring balance – addressing the environmental and social down-sides of an exclusive focus on capitalist development.

Validating public housing participation

As outlined above, central to liberating the agency of public residents – who wish to participate in local community development – is the way their participation is given status and economically validated. One existing Australian policy setting that could be harnessed to help advance this validation, is Centrelink’s voluntary-work-for-the-dole (VW4D) policy. District from Centrelink’s mandatory work for the dole policy, VW4D allows for unemployed public housing residents, who are over 55, to volunteer in a formal 15hr weekly commitment to local community development work – as a valid option for fulfilling Centrelink’s mutual-obligations (earning participants their income benefit as an ongoing participation income). For those under 55, this opportunity must be approved by a Centrelink officer, and is usually permitted only if it can be seen as leading to paid work – and usually only for a limited time of 6-12 months.

While VW4D is currently a policy that is not well engaged (or even well known), we believe that it is an existing policy setting that could be used to make local collaboration in public housing much more feasible for those residents who may wish to voluntarily participate in local community development as a way to satisfy Centrelink’s income benefit requirements. It could be developed to help liberate residents’ productive agency in this important area of localised, collaborative and community-orientated post-growth development. To this end, our NTW strategy is working to mobilise this policy setting, by combining it with other key supportive structures in a fit-for-purpose proposal for any unemployed person. To help resource those interested in this option, this proposal also includes easy to engage community development programs and a community-led process for program management (Baumann 2016).

Each participant would be accountable for 15 hours/week in their choice of a range of neighbourhood programs, such as facilitating tool and other resource sharing, food gardens and playing a role in maintaining their homes and neighbourhoods. NTW’s community-led management process also supports participants to develop their own neighbourhood program.

Such programs can provide cultural value and strategic housing and food security. The innovation of NTW's proposal is that it would lend a vision, good citizenship status and key supports to those seeking out this opportunity. While housing affordability and security means that those in public housing are far better placed to take advantage of this opportunity, the design of NTW is intended to support any unemployed person to choose this form of recognised and supported community development as an alternative to jobs search or welfare dependence.

An exciting aspect about this seemingly radical idea is that it is not actually particularly radical. With the right supports, it can commence immediately – given that the policy settings are already in place to allow unemployed public residents to self-select into VW4D. Such an opportunity, if properly supported, could show that access to land plus a participation income could help build new forms of genuinely sustainable development 'beyond the market'.

An 'active participation' framing of public housing

Among those eligible for public housing and VW4D, there will be many who would simply not be interested in the sort of participation NTW is attempting to encourage. This policy would not interfere with these peoples' income or housing entitlements. To mandate involvement in NTW, as programs like work-for-the-dole (Australia) and Workfare (UK) do, is antithetical to NTW, and would completely undermine its ethical and practical integrity. However, we believe there are people who would be interested in choosing NTW as way to meet Centrelink's requirements for their income benefit and find a creative role in their locality. In the way that NTW could give ongoing status and validity to local community development on public land, it is entirely distinct from market-centric mutual obligation policy – constructed, as it is, around the idea that the market is the sole site of valid economic citizenship.

Some of these NTW volunteers would inevitably take the new skills learned and use them as a stepping-stone into paid work and possibly even private housing, should that be their goal. For others, who might enjoy the option provided by this alternative and sustainable path to security, or for those who might otherwise face long-term unemployment, NTW could provide a fulfilling, ongoing housing and participation option. Progressively, as new skills are found, this group could begin to

demonstrate a new type of productive and political agency that is consistent with the degrowth imaginary.

While such a new path to security is certainly radical to some degree, at risk of appearing naïve, we would tentatively but pragmatically suggest that providing those alienated from the market with such an alternative site of valid participation might also represent a shift acceptable to many on the political right. They would likely see peoples' involvement – as a step toward skill development and potential market involvement – as it would inevitably be for some. Even for those who might continue in public housing and VW4D, conservatives would likely see such participation as a more active, and less passive, form of 'welfare'. If self-selecting participants could demonstrate the economic, social and environmental value of their participation, this VW4D policy setting could ultimately be expanded to include a further easing up of restrictions on those under 55 years old who might choose it in the longer-term.

In essence, NTW's strategy is that, in lieu of market engagement, public housing and community participation could be organised (for those willing) so as to facilitate the emergence of local and increasingly self-reliant community development – a form of participation consistent with pre-market commons. If such a space proved productive, the identity we give to public housing tenants who choose to participate could begin to be uplifted and even celebrated alongside market forms of housing and employment. Indeed, if these self-selecting residents could be better supported, their status in our market-centric society, and how they might conceive of themselves, could gradually move from being regarded as 'social dependants' to pioneers of a new type of local, cooperative and sustainable form of development.

By showing that access to public land can help with the emergence of local and sustainable community development, NTW is attempting to be part of an experiment that will ultimately encourage a broader cultural and policy rethink of how land and participation are conceived.

Vision of organic transformation

Empirical studies show that some simple living communities (Lockyer 2017) and strategies (Trainer *et al.* 2019) can reduce ecological impacts by up to 90 percent or more, which is arguably the scale of downshifting needed to bring developed nations within sustainable limits of the planet

(Trainer and Alexander 2019). In NTW's living arrangement, the opportunity of public housing and many benefits of local collaborative development make a small income (and small engagement with the market) sufficient and arguably even desirable. In this way, NTW would be an example of degrowth that would put those participating within the realms of globally sustainable resource use (Trainer and Alexander 2019). In essence, NTW could give people a productive participation option that relies on their access to land and local collaborative productivity – rather than welfare dependency subjectivities or their success in the competitive housing and employment markets.

For the poorest in the world (the unemployed and insecurely housed in the developed North and many in the South), the policy planks of NTW (secure land and housing and an opportunity to make a globally sustainable income level stretch further through localised collective-sufficiency) would offer increased material opportunity.

Many of us in the developed North are simply too embedded in the market to come to terms with the sort of degrowth that is required for a true path to global resource justice and sustainability (Trainer 2016). It is likely that those market subjects that are relatively successful will mostly continue to place hope in technology – and the unreasoned hope that perverse levels of consumerism and growth can be made sustainable and equitable for the whole world through high-tech renewable innovations (Hickel and Kallis 2020). Some may certainly follow the lead set by a project like NTW – if they were to understand the necessity of degrowth and were given the opportunity to overcome the structural impediment of lifelong land debt.

However, it is likely that many others will need to directly experience the limits to growth – and the loss of opportunity engendered by economic and environmental crisis – to extract them from consumer culture. Because of this, we think that the poor leading the more affluent into examples of commoning and a socially and environmentally sustainable future is the most likely scenario – if the poor were given a way out of their poverty through a scheme like NTW. This strategy has nothing to do with any naïve belief that the poor are somehow more principled in their decision-making. It simply acknowledges the fact that, for the poor and dispossessed, the opportunity to achieve land security, a participation income and the benefits of local collaboration, represent a material opportunity – rather than any kind of voluntary simplicity or relinquishment of wealth.

While this strategy will necessarily begin with the unemployed in public housing, it could be expanded to include others alienated from the market: the ever-growing victims of the automation of jobs, the globalisation of labour – such as manufactured goods being increasingly produced in developing nations⁴ (Borland 2016) – or the decline in polluting industries such as fossil fuels (Trainer 2012, 2016). Perhaps even more significantly, this strategy could help model a path for many in the developing world – who require a model for housing security and appropriate development. As the serious unsustainability of market growth becomes increasingly problematic, NTW seeks to be one model that can be activated within the social and economic vacuum that will inevitably grow. In this scenario, it is estimated that governments could transition organically, local participation on public land (NTW) being a far more economically and socially viable option than passive welfare (including a UBI⁵) (Alexander and Baumann 2020a). An option like NTW is also more viable than widespread social unrest – with the political bedlam, conflict and security threats such social unrest would inevitably generate.

Scaling-up new land governance arrangements to the point where they influence the broader economy would require a gradual expansion in public housing. We feel that it is not unlikely that the economic and social difficulties that lie ahead will prompt just such an increase in public housing – which could be made far more economically and socially viable if combined with an ‘active participation’ program like NTW. COVID-19 has already highlighted Australia’s public housing shortage – prompting social welfare advocates (ACOSS 2020), unions and the building industry (Mealey 2020) to recognise the problem. The stimulus following the Great Depression and the end of World War II offers a precedent: it led to the ‘golden age’ of Australian public housing (Green 2016).

4 For example, studies by Siu and Jaimovich (2015) emphasise that the ongoing decline in manufacturing employment and disappearance of other routine jobs is causing the current low rates of employment.

5 Unlike the Universal Basic Income (UBI), this reestablishment of land and skills is not essentially dependent on market growth, because (while it does have a small market relationship) it ultimately draws on the wealth of land and community cooperation – not on market taxation revenue for redistribution (economic growth).

Conclusion

Without assuming that we have joined all the necessary dots, we invite readers to consider that a strategy like NTW could be used as an important part (and only a part) of a deep sustainable transition. We have argued that experiments with ways to broaden access to land is utterly indispensable to facilitating the political and economic agency necessary for any degrowth transition. Moreover, since degrowth in some form is necessary to the ongoing habitability of Earth, we maintain that strategies to achieve land access (like NTW) ought to be given more attention by those seriously concerned about sustainability, justice and the flourishing of the community of life on Earth. It is time to experiment with new frameworks that can increase access to land, empowering more people to explore lifestyles of reduced consumption, increased self-sufficiency and local economic collaboration, thereby enabling a prefigurative degrowth movement to build new worlds within the shell of the old.

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WILL NEOLIBERAL CAPITALISM SURVIVE THE CORONAVIRUS CRASH OR IS THIS THE BEGINNING OF TECHNO- FEUDALISM?

Alexander Waters

It has become something of a cliché to note that since the Global Financial Crisis of 2008, we have been living through an interregnum in which ‘the old system is dying but the new cannot yet be born’ (Gramsci 1935: 572). The Coronavirus Crash of 2020 has redoubled the seriousness of our conjunctural moment in ways that may only be fully comprehensible by the middle of the next decade. Critics of neoliberalism were quick to assume that the 2008 crash would signal its immediate dissolution. Keynesian economists boasted that the fiscal stimulus measures adopted by governments and their central banks around the world indicated that a new progressive alternative would shortly replace it (Krugman 2009: 1). Crouch wrote of *The Strange Non-death of Neoliberalism* (2011: 23). Bruff (2014) coined the phrase ‘authoritarian neoliberalism’ to describe the phenomenon whereby, in the era of fiscal austerity in the 2010s, the system’s innately coercive, disciplinary and panoptic tendencies have had to be imposed through significantly escalated scales of state violence. The latter has been evidenced by augmented police militarisation, mass incarceration, the conflation of protest with forms of low-level terrorism, and the widening presence of riot police across urban space (Elahe 2017; Balco 2013: 162; Wood 2014: 15). A few years later, Jaffe (2017: 1) compellingly framed Hillary Clinton’s doomed 2016 presidential campaign as a toxic form of ‘Zombie Neoliberalism’. This gothic imagery depicted how neoliberalism was characterised by a profound legitimacy

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crisis amongst large swathes of the masses, yet rambled on regardless due to this crisis not being as visible by elites. Then along came COVID-19.

Despite the depth of the Coronavirus Crisis of 2020, as Crouch (2011: 23) might have remarked, neoliberalism seems to linger on without any clear singular replacement ideology waiting for it to neatly exit the stage of history, providing a void for some new ideological framework to fill. Where there is no alternative, we can expect existing trends, tendencies and their usual outcomes, to continue to escalate. The fiscal responses that states have adopted in light of the economic crisis of 2020 vary widely. Some reflect the imposition of a neoliberal shock doctrine (Klein 2007: 4). Compounding neoliberalism's legitimacy crisis, governments around the world have deemed that to resuscitate growth it has been necessary to unleash trillions of dollars in Keynesian stimulus spending – quite contrary to free market orthodoxy. Right-wing populists have done so in distinctly reactionary ways, such as in the case of the US where trillions has been spent artificially inflating the stock-prices of major corporations and banks (AFP 2020). At the other end of the spectrum, left-wing populists, such as Podemos, which sits in coalition government with the traditional social democratic party in Spain, has shown that it is possible to seize this moment to permanentise radical-democratic and egalitarian reforms like a universal basic income if you control the levers of state power (Cervera-Marzal 2020). Like all crises this moment presents an opportunity for those with a plan and the will to execute it. Unfortunately for the radical left, there are few cases like Podemos, and the general tendency for how nations will rebuild in the wake of the Coronavirus Crisis resembles the American experience of deepening reaction.

Building affirmatively on the theories developed by McKenzie Wark in her 2019 book, *Capital is Dead: Is This Something Worse?* and the responding 2020 article in *New Political Science* from Jodi Dean *Communism or Neo-Feudalism?*, this article argues that the neoliberal model of capitalism has been pushed beyond its limits by recent crises (those of 2008 and 2020). As a result of this exhaustion, a new form of political economy called 'techno-feudalism' is being advanced by elites and reactionary social movements to replace it. This refers to the novel political economy evolving out of neoliberalism in the conditions particular to core nations of the capitalist world-system, with the United States being the closest approximation to an ideal form of techno-feudalism within the core (Wallerstein 2013; Waters 2020). More specifically, drawing on Gilles Deleuze's (1992: 1) profoundly prescient

essay, *Societies of Control*, this new political economy can be summarily defined as a system dominated by the ubiquitous presence of technology for social control (mass surveillance, automation of production, artificial intelligence, the Internet of Things) by the rentiers and oligarchs who own the crucial platform networks into which we are all subsumed. This system grows naturally from the tendencies and trends that began during the neoliberal era, such as financialisation, the rise of intangible capital and immaterial commodity production (Tomo 2020: 2), consolidation of wealth and power in the hands of a transnational oligarchy, and the unending assault on democratic institutions and norms previously allowing for some redistribution (Crouch 2004: 5).

Today's billionaire class of platform-owning oligarchs are among the richest men (and they are mostly men) in human history (Kenney and Zysman 2016). There are few kings or queens who ruled under feudalism, few emperors who presided over ancient slave-based empires, whose wealth was so unimaginably greater by ratio compared to the subjects that served them (Piketty 2014: 77). Some of them, such as the billionaire venture capitalist and early investor in Amazon, Nick Hanauer, are surprisingly forthcoming about this state of affairs:

Inequality is at historically high levels and getting worse every day. Our country is rapidly becoming less a capitalist society and more a feudal society. Unless our policies change dramatically, the middle class will disappear, and we will be back to late 18th-century France. Before the revolution (Hanauer 2014: 1).

While we cannot predict the future, we can observe that trends such as those listed above, if they continue in the long-term, point in the direction of a highly class-stratified form of society akin to those preceding capitalism. At some point, such a system merits its own name other than 'capitalism'. While perhaps no perfect name exists, language tends to evolve, and each generation finds its own ways to reinvent how they talk about their society as it undergoes political economic transformations. Thus, we can observe and remark upon the evolution of a techno-feudal society in that *history is simultaneously moving forwards technologically and backwards politically*. This argument – that neoliberal capitalism has entered a terminal crisis and is in the early phase of being replaced by techno-feudalism in the core nations of the world-system – is supported by four key propositions. Each of these is primarily expounded in the discussion section, following a brief overview of key theorists and debates in the literature review.

The four key claims each describe one feature of techno-feudalism that delineates it from neoliberal capitalism. The first discusses the new rent-based economy dominated by multi-sided platform corporations, such as Amazon and Google. These corporations produce little in the way of material commodities, but act as gatekeepers of information, intangible capital and immaterial commodities, extracting rents through their strategic monopolisation of the central crucial vectors of information exchange in vast ecosystems of consumers, producers and third parties (Tomo 2020: 1-4). Here I am suggesting that the label of ‘techno-feudalism’ can unite the insights of the *Hacker Manifesto* (Wark 2003: 20-1), *Capital is Dead* (Wark 2019: 38) and Srnicek’s *Platform Capitalism* (2016: 33).

The second key claim holds that a new set of class structures has evolved, featuring both elites and an underclass distinct from those which prevailed under capitalism. The social relations of capitalists and workers engaged in the production of material commodities have been displaced, respectively, by the owners of platforms known as Techno-Rentier Oligarchs (TRO) and the vast underclass known as the Techno-Precariat Commoners (TPC). The latter performs a fragmentary and constantly shifting combination of material and immaterial labour, very rarely for a full-time wage or for a single capitalist. This new underclass is forced to subsist through improvised, insecure and precarious means. Casualised jobs in commodity production persist alongside unpaid or unreliably paid labour, which produce information to be commodified into intangible capital or immaterial commodities in the cloud, fill-in surveys, volunteer to be the subject of pharmaceutical studies, or rely on charity, petty crime, pan-handling and a plethora of crowd-funding platforms like Kickstarter, GoFundMe, Patreon, Venmo and PayPal (Gray and Suri 2019: 24).

The third key claim is that the above relations of production have given expression to new forms of class subjectivity and struggle which are associated with the TRO and the TPC. These stem from efforts to control technology itself as a central field of struggle, and to create a system of resource management characterised by freely accessible *New Commons* or privatised and militarised *New Enclosures* from which rents can be extracted. Fourth, and finally, techno-feudalism is argued to be distinct from capitalism in that alongside the development of a new economy, new classes, and new class subjectivities, a new kind of state has emerged. The state under techno-feudalism bears some resemblance to the dictatorial state of feudalism, in which political and economic power was

concentrated in the hands of an oligarchy and very little popular democracy was found in any institution (Hossein-Zadeh and Gabb 2016). Together these claims amount to a renewed conceptual framework for interpreting the major political economic events of the early Twenty-First century as the birth-pangs of a new system. In this system, technology and the purposes to which it should be put has become the central field of struggle between popular movements for the democratisation of resources, thus creating *New Commons*, and elites who seek to monopolise and control them in order to extract rents, thus creating *New Enclosures*. In line with the thesis advanced by Wolfgang Streeck (2016: 28), I argue that the breakdown of the global neoliberal capitalist system will not be replaced in any neat, coherent way with another in a singular collapse event. The transition which we have been living through since 2008, and which sharply accelerated with the Coronavirus crash of 2020, will be a process of geographically uneven decay and devolution. This, in turn, is resulting in a multipolar world with different modes of political economy predominating in different spheres of influence simultaneously. This includes a Chinese-led area of state-socialism across the Afro-Eurasian landmass – the particular contours of which are plainly visible from the Belt and Road Initiative (Pan *et al.* 2019: 385). It further includes a non-aligned sphere spread across the peripheral and semi-peripheral states of the world-system, which is experimenting with a plurality of different political forms alongside a capitalist economy. Some nations will remain underdeveloped, stuck in neo-colonial dependency relations with the core (such as those of West Africa with France). At the same time, as the core of the world-system is finally left with no new frontiers to colonise, capital has returned home to colonise itself – like the zombie unable to find living brains to feast upon, it must resort to eating its own flesh.

Literature review

In the context of the post-neoliberal interregnum, prominent morbid symptoms – or ‘monsters’, to use a more evocative translation of Gramsci’s famous phrase – are extreme and historic peaks of inequality, as well as the absence of a mass organised leftist politics represented through the traditional means of trade unions, socialist and social democratic parties and mass publications with an explicitly leftist editorial agenda. As a result of the prolonged retreat of these forms of leftist politics

in the post-Cold War era, the political void has been filled by a chaotic pan-populist reaction to inequality, dominated by right-wing populism but also including some movements for left-populism and liberal or centrist-populism (Mouffe 2018: 5).

To explain this interregnum, three categories of literature are currently prominent. The first holds that this is a temporary blip and the infinite capacity of capitalism to reinvent itself will imminently see-off this crisis as it has every previous one. This category takes capitalism as a transhistorical ‘given’ and stubbornly rejects any notion of system change. Aaron Benanav’s *Automation and the Future of Work* (2020: 29), for example, offers a compelling analysis debunking many of the more outlandish claims made in the service of techno-dystopian/utopianism. From this perspective, capitalism has always been an inherently unstable system prone to thriving off this dynamic, such that the present crisis should not be treated as an exception.

The second category of literature is largely centrist or liberal in ideological framing, and is defensive of the neoliberal status quo. This category features an abundance of authors cashing-in on the elite and centrist moral panic about what Chantal Mouffe called the ‘populist moment’ – the decade following the 2008 crash (Mouffe 2018: 7). Broder (2020) presents an excellent critique of this tendency in contemporary liberal-centrist thought. Specifically, he contends that by using the word ‘populist’ as a pejorative, as authors do within this tendency, they reveal a primal fear of crowds, the people, and democracy in general. Numerous texts within this tendency fetishise the individual leaders of right-wing populist movements as the exceptional problem in an otherwise perfectly functional democracy. A particularly galling example is presented in *Fascism: A Warning*, by former US Secretary of State, Madeleine Albright (2018). The labels ‘fascist’ or ‘neo-fascist’ are used therein without performing any analytical work to explain ‘fascism’ as a form of capitalism when the ruling class has hit the figurative panic button and suspended liberal democratic institutions and norms. This labelling is presented to reinstate capitalist social relations when they are under threat from militant striking workers, boycotts, protests, and other forms of collective action that disrupt the ‘normal’ flow of capital. Little discussion is offered for how fascism historically has only emerged in response to highly militant and organised labour and an ascendant mass-based communist movement (see Parenti 1997: 5 for a proper definition and analysis). Based on this alternative understanding that fascism is about crushing the organised working class

as it is poised to take state power and build socialism, it is problematic to apply this label to the next system since these ingredients are missing today.¹

The third category of literature on the post-neoliberal interregnum is heterogenous and features Marxist, critical and progressive perspectives that all argue, in one way or another, that this crisis is the opening event of a transition to some form of post-capitalism. Within this category, key texts that have influenced this article are Deleuze (1992), Dean (2020), Wark (2019), Streeck (2016) and Frase (2016). Each of these holds that the current model of capitalism is coming to an end and will eventually be replaced by an alternative system. Frase (2016) features a very engaging exploration of both utopian and dystopian futures that may emerge based on factors like ecological scarcity vs. abundance and a high vs. a low level of sustained class struggle.

This article, while engaging with the perspective offered by the former two categories of scholarly literature, aligns most closely within the third.

Discussion

The aim and overarching argument of this article, having gone through the above described method, is to establish that techno-feudalism is a distinct mode of political economy separated from capitalism, and is the destination at the end of a decades-long transition resulting from processes set in motion by capitalism's neoliberal form. This argument is supported by four key claims, namely that techno-feudalism is delineated from capitalism in four primary respects: a new prevailing form of economy,

1 The claim here is not that fascism can only refer to the classic cases of Germany, Italy and Japan during the 1930s-40s. Per Parenti (1997: 5), 'fascism' refers to the specific form of capitalist society resulting after the ruling class feels so threatened by the high intensity and wide scale of militant working class struggle in the midst of a deep economic crisis, that they hit the figurative 'panic button', formally abolish liberal democratic institutions, and rally a reactionary mass movement of the aspirational middle classes to crush the ascendant working class trade unionist, socialist or communist movement through scapegoating ethnic minorities and romantic appeals to a mythical golden age. Two prominent examples which highlight the possible emergence of fascism beyond the 1930s-40s and outside the countries typically associated with it, are General Pinochet's coup in Chile of 1973 and General Suharto's coup in Indonesia in 1964, which Bevins (2020: 74) argued was among the most decisive conflicts of the entire Cold War. In both examples, the organised left itself was articulated as a scapegoat.

new class structures, new forms of class subjectivity and a new form of state. These will be discussed in turn.

The economy of techno-feudalism

Frase (2011) claims that under feudalism, land or ‘immobile property’ was the primary unit of value. This shifted to the commodity under mature industrial capitalism and has shifted, once again, to information under techno-feudalism. According to the teleological grand narrative of the labour metaphysic, history is ‘supposed’ to move towards communism or what we might, less ambitiously, call ‘political progress’. Given that socialism, besieged by relentless sabotage and interference from the nations of the imperial core, has hitherto failed to abolish the commodity form, political progress has been temporarily reversed, despite technological advancement continuing. Thus, history is simultaneously moving forwards technologically and backwards politically.

Techno-feudalism represents the emergence of a post-capitalist mode of production because it features this shift in emphasis away from material commodity production (physical goods like cars, toys, clothing) and towards intangible or immaterial production of information, data, code, websites, apps, financial claims, intellectual property, copyrights, patents, affect, care and so on (Tomo 2020: 2). Although they do so under conditions of isolation from one another, one can conceive of these forms of activity as the ‘production of the common’ (Hardt 2010). It bears some similarity to the phrase ‘platform economy’, which Kenney and Zysman (2016: 61) introduce as being dominated by a handful of giant technology corporations with monopolistic tendencies such as Amazon, Facebook, Google, Salesforce, Uber and AirBnB. Each of these firms acts as a powerful middleman, positioned strategically between billions of globally dispersed consumers and producers. The recurring small-transaction spending by all platform users is continually mobilised by such companies through their highly-targeted cultivation of dependency relationships with every entity with which they come into contact. Internet browser cookies facilitate this by providing the platform firm with data telling third-party advertisers every site users have visited, what advertisements they have clicked on, their online purchase history and so on.

Platform firms actively cultivate the normative power of monopoly status within their industry as a key to their growth strategy. The financiers

behind such platforms have such a glut of surplus capital that they are willing to absorb significant losses over the long term, as exemplified by Uber's CEO (Bussewitz 2019: 1) when he defended his company's latest quarterly losses of a 'mere' \$5.2 billion. According to *laissez-faire* economists, under such conditions, the market will ensure that firms like Uber immediately go broke and make way for potentially more efficient firms. Owing to the excessive power of rentier capital to intervene in markets and influence norms, this simply is not happening anymore (Hossein-Zadeh 2014). Uber is valued at hundreds of billions of dollars and yet owns no cars, employs no drivers and loses fantastical sums of money every hour of every day. Crucial to the model of these firms is that they themselves do not engage directly (at least, not primarily or significantly) in material commodity production. Spotify is a music hegemon that produces no music. AirBnB is a housing giant that neither builds, nor owns, any housing. Firms such as these have become the platform giants of the world economy today simply through extracting rents derived from immaterial commodity production and exercising control over the information vectors which determine the flows of intangible capital (Tomo 2020: 2; Wark 2003: 20-21).

One of this mode of political economy's primary features is its use of technology for social control (Deleuze 1992). The neoliberal narrative tells us that technology provides the user with freedoms via credit cards, mobile phones and seemingly infinite viewer choices provided by cable television networks with thousands of global channels and more recently by streaming platforms such as Netflix and Amazon Video. But each of these technologies, at least as they are configured under their current ownership arrangements, *radically* enhance the social control capabilities of the techno-rentier oligarchy. Credit cards provide the freedom of being able to make purchases without using cash currency anywhere around the globe, but they also tell an intimate narrative to the company that extends you credit concerning every single purchase you make. Perhaps you live in a devoutly religious society and you purchase atheistic reading materials. Perhaps you're a political dissident in a police state who frequently purchases radical literature. In all these ways, the liberation that technology promised masks social control, due to its ownership and direction by the oligarchy, much of it policed and maintained through the auto-panopticon effect (Bruff 2014).

Skirmishes driven by film and music studios lobbying hard for the enactment of anti-piracy legislation over the first decades of the Twenty-

First Century have, quite possibly, been the opening battle in a longer war over whether these resources should be commodified to further facilitate the capital accumulation of transnational corporations, or simply allow free access to them as so many demand. These forms of ‘digital enclosure’ have clear parallels with the UK *Enclosure Acts* of the Eighteenth century, which dispossessed peasants of their land, creating an abundant labour surplus – such as exists once again today. Wark (2004: 20-1) offers a similar theory of this new technologically empowered oligarchy when she claims that

the vectoralist class wages an intensive struggle to dispossess hackers of their intellectual property. Patents and copyrights all end up in the hands, not of their creators, but of a vectoralist class that owns the means of realizing the value of these abstractions.

Wark proposes that the vectors of information exchange are becoming crucial to the global economy, as the shift from material commodity production to immaterial commodity production (the results of human labour and creativity, such as ideas, language, affects) continues to accelerate. File-sharing may seem unthreatening to rentier capital and this newly repressive state apparatus, owing to the fact that people do not seem to get punished for it according to the letter of the law. Yet, the reality is that the practice is so widespread that all the prisons in the world – which in the biggest countries, like the US and China, can hold roughly two or three million people in total – would quickly be over-capacity should such a crackdown be attempted on the over four and a half billion Internet users, most of whom will have engaged in file-sharing at some point, to say nothing of the popular reaction such an act of overreach might provoke.

The class structures of techno-feudalism

The former section outlined how rents extracted through flows of intangible capital have come to displace material commodity production as the primary source of value accumulation, alongside an explication of why technology for social control is so crucial to the reproduction of this new mode of production. This section outlines the new class cleavage which has emerged as a result of changes to the mode of production. There is the elite class of Techno-Rentier Oligarchs (TRO) who own the platform giants or are among those in their orbit (such as the Professional Managerial Class discussed by Ehrenreich & Ehrenreich 1977: 31 – treated in this analysis as an appendage to the elite, rather than a separate class

with distinct interests). Conversely, there is also the popular class of Techno-Precariat Commoners (TPC) who provide the mass of information through immaterial commodity production upon which the platform giants depend. A dualistic antagonism between these classes has been developed here, in part, to avoid the problem of bourgeois sociological approaches to class. Such approaches may offer the benefit empirical precision by featuring multiple class layers and linking each to particular income brackets or some other arbitrary trait, but falter analytically when considering the *relational* dimension of class and how each is shaped and reproduced by the other. All frameworks for analysing class and sociological structures generally have their limitations. The one adopted here simply seeks to keep the focus on which cohort in society is in control of technology and to what purposes it is being dedicated – a popular class whose interests naturally align with those of society as a whole or an elite whose interests serve only a few at the expense of the many.

The scale of wealth inequality in the US is well-known at this point. To offer one empirical confirmation of this dynamic, consider the *Material Power Index*, which measures national inequality by comparing the household wealth – excluding home equity – of the richest 100 households to the bottom 90 percent of households. The ratio between the two in the US was 108,765 to 1 (Winters 2011: 217 quoted in Streeck 2016: 29). This is approximately the difference in material power between a senator and a slave at the height of the Roman Empire. Consider, further, that Winters' most recent data is from 2004. As of 2020, that ratio is likely much higher, factoring in the regressive concentrations of wealth resulting from the 2008 crash and the budgets implemented during the Trump Presidency (Gordon 2020). The 2020 Coronavirus Crash alone has seen the wealth of US billionaires increase by nearly a third (Neate 2020: 1). This is at a time when unemployment peaked at 25 percent of the workforce – equivalent to over 40 million Americans (Lambert 2020). Moreover, Amazon's hegemony in the online retail and server-hosting farm business has been so extreme that, based on recent earnings and a fortune of \$204 billion as of August 2020, its owner and founder, Jeff Bezos, saw his fortune increase by 65 percent during the Coronavirus crisis and is projected to become the first trillionaire in history within the next five years (Sonnemaker 2020: 1; Neate 2020: 1).

This extreme inequality is significant because it allows elites to effectively decouple from the social bonds which hold the rest of us together. Through freeing themselves of the pressures previously imposed on elites from

below, they are in the process of creating militarised, securitised spaces of communal luxury for their class alone – the borders of which are policed and monitored by the most sophisticated and barbaric state repressive apparatus ever devised. There is no period in the history of capitalism, or even in the history of feudalism, when inequality was as extreme as it has become in the contemporary US (Piketty 2014: 72). It is incumbent upon every generation to develop its own new lexicon for articulating the particularity and what is recognisable about these class structures and this form of class society.

Under techno-feudalism, the popular class whose labour enables the building up of a surplus for the owning class to control, and thus enables the reproduction of daily life, shifts from agrarian peasants (as under feudalism) and industrial workers (as under capitalism) to those forced to subsist through insecure and precarious means through a combination of material and immaterial production. Part-time jobs in material commodity production persist, although they are no longer primal in the way that they were under capitalism – existing alongside unpaid or unreliably paid labour producing information which becomes commodified into intangible capital or immaterial commodities in the cloud, relying on charity, petty crime, pan-handling and digital forms thereof such as crowd-funding. Standing (2010) refers to workers with such precarious conditions as ‘the precariat’ (a portmanteau of precarious and proletariat) and is pessimistic about their political potential. He has argued for social democratic reforms to prevent them from turning to nihilism or right-wing populism. While acknowledging the causes for pessimism, I view the subjectivity of the TPC as containing contradictory and dualistically opposed tendencies – hence the addition of the word commoner, those who create the commons. This acknowledges both how the class is shaped by structure and its potential for collective agency.

The TPC are unlike the proletariat of industrial capitalism in that they are highly isolated from each other in the way that feudal peasants were divided up along the lines of their plot of land. The enormous amount of time that the average person today spends online, for example, compounds their isolation. Concomitantly, the results of their immaterial labour and creativity gain concrete form as ideas, language, affects, and so forth, which the platform giants can siphon into vast surpluses of data to be sorted, commodified and resold to third-parties (Hardt 2010; Frase 2011). Consider the many women providing unpaid care for the elderly, young, and disabled, performing domestic labour in suburban housing estates

where one drives from the garage to the shopping mall without interacting with other residents, where there is no communal space apart from privatised spaces explicitly demarcated for acts of consumerism. Drink this cup of coffee here and then make way for the next customer. Purchase this toy here and then leave.² In all these spheres of isolation, techno-feudal society is designed to prohibit the possibility of mutual empathy and solidarity to emerge. By contrast, throughout the history of capitalism up until the post-war suburbanisation phase, masses of people have been heaped together in chaotic high density city squares and open-air markets, contributing towards their socialisation, politicisation and the potential for class consciousness to develop.

The TPC is highly heterogeneous in composition, as opposed to a neat, clean relational or empirical categorisation. It envelops the entire working class (both in the cliched manual, labour-intensive, industrial form typical of socialist realist artwork and those who perform the labour in call centres, for instance). It includes what Marx (1977 [1850]: 4) referred to as the lumpenproletariat: the underclass which is devoid of class consciousness. Writing of the class struggle in France in the years surrounding the wave of revolutions that swept across Europe in 1848, Marx dismissed and contrasted them with the proletariat. Subsequently, racialised sections of the lumpenproletariat, such as Black people and Latinos in the US, have become the primary social base of radical political formations such as the Black Panthers and the Young Lords (Hayes and Kiene 1998: 160-1). The considerable militancy and growth of such organisations during the 1960s suggests that, with some assistance, the underclass is capable of politicisation and community organising. In today's context, the underclass is much larger and more variegated than in Marx's era of the mid-Nineteenth Century. It envelops those in latter day debt peonage to credit card companies, those who have taken on personal

2 This is not to advocate anti-consumerism or ecologist austerity – by all means, consume like Caligula. Rather, the problem here is that this form of society has been designed to prevent individuals from interacting and forming social bonds, let alone class solidarity. This is not an accident. It should concern those of us who would seek to bring about a more democratic and egalitarian society, where spontaneous interaction between the people, including encounters with the Other, is an ordinary part of daily life. Socialism for the Twenty-First century means more than a Leninist taking over of the state in order to democratise the means of production. It must further involve the reconfiguration of the urban spaces where most of humanity now lives, so as to promote the common rather than the isolation of the individual.

loans, student debt, medical debt, mortgage debt simply to pay for the ever-escalating cost of living, broke students, the unemployed, underemployed, sex workers, the homeless, the housing insecure, the elderly and the disabled. It also includes the Standing's (2010: 5) precariat – labelled a 'dangerous' new class, a social layer that floats or, at other times, is more fixed in its positionality, and embraces gig economy workers and casual workers on zero-hour contracts. Finally, it contains the lower-middle class, which might be termed the 'downwardly mobile petite-bourgeois'. This comprises people who may own a small amount of capital – whether in the form of their own home, perhaps a single rental unit, or a small business that makes profits only unreliably and, thereby, forces its owner to engage in auto-exploitation to keep it afloat – but whose expectations of a good life have been let-down and whose interests are structurally aligned with those owning no capital, such as the groups described above.

The class subjectivities of techno-feudalism

Associated with the breakdown of the proletarian-bourgeois class structure that evolved with high industrial capitalism is the breakdown of proletarian-bourgeois subjectivity in the core post-industrial nations. Rigid archetypes and discourses grounded in Nineteenth-to-Twentieth Century workerism have lost their political currency because the reality is that most people in post-industrial societies possess a fragmentary class subjectivity: they do not work in factories, most people are not union members, and many do not even know their own boss. How can they be expected to develop an explicitly Marxist understanding of their exploitation when these basic ingredients have been so carefully hidden from them by design in the 'gig economy'? Labour for commodity production persists, of course – continuing to partially contribute to the subjectivity of the popular class. Yet, it has also become displaced and supplemented by other forms of daily activity which have come to shape that subjectivity. Prominently, for example, is the debtor-creditor relation (Lazzarato 2012: 5), time spent online performing digital labour (Hardt 2010) and unpaid domestic labour (Standing 2010). Other complicating forces, such as national context and local subcultures, exert their own impact on the way in which individuals perceive and act on their class status. Universal class archetypes of any kind are, thus, perhaps impossible to identify, but we can still observe how changes in production have transformed the way individuals become class

subjects and, in the process, perhaps aid in the consolidation of such fragmented identities.

The Techno-Precariat Commoner has a contradictory class character because it inherits the well-known pessimistic and insecure traits of the precariat under neoliberal capitalism. Lazzarato (2012: 4) articulates such traits through the debtor-creditor relation (typically being in various forms of debt – such as credit card debt, personal loan debt, pay-day loan debt, car-loan debt or student loan debt, mortgage debt). This relation acts as a form of social control by preventing one from taking part in potentially risky political action. Yet, it also has an innately revolutionary character in that wherever they go, those part of the TPC are compelled to improvise the creation of commons systems of management for every conceivable resource in order to survive. File-sharing services are a perfect example of how this behaviour is socially learned. Knowing this about themselves and seeing others engage in such practices, this awareness imbues the popular subject with a ‘nothing-to-lose’ mindset. The TPC is materially united as a class in that, although its members have a plurality of experiences and do not relate or offer solidarity immediately to one another as workers at the point of production, they all need basic services to live, their lives are threatened by the artificial scarcity imposed by the TRO’s accumulative drive for enclosure and privatisation of everything. In turn, they share an interest in doing something about this – namely, turning all that is needed for a good life into a common resource for the benefit of all, rather than a commodity for the super-rich.

Conversely, consider the elite class of techno-feudalism, the Techno-Rentier Oligarchs (TRO). If members of this class never have to look their workers in the face, live in a gated community insulated from the effects of their capital and the degenerating urban and residential slums of workers, and can be quickly whisked-away in a private jet to another global city, what social contract binds their mutual interests together? Why should they care if workers can afford healthcare, sanitary housing, food, security or anything else? Why should they care about anything that happens to strangers in a state of total alienation and atomisation from them?

Why should the new oligarchs be interested in their countries’ future productive capacities and present democratic stability if, apparently, they can be rich without it, processing back and forth the synthetic money produced for them at no cost by a central bank for which the sky is the limit, at each stage diverting from it hefty fees and unprecedented

salaries, bonuses, and profits as long as it is forthcoming – and then leave their country to its remaining devices and withdraw to some privately owned island? (Streeck 2013: 22).

To take it a step further, consider how the so-called gig-economy differs from the factory shop-floor. Perhaps workers are not even hired by the TFO's company, but are subcontracted out through a complex corporate network of third-parties on a short term basis – even hourly or according to individual tasks. Perhaps TFOs own or invest in a platform application like Uber or AirTasker, where a surplus labour supply is constantly available and waiting for the tiniest scrap of production from which to extract a fraction of an hour's wage (Gray and Suri 2019: 5). The latter are not people to the TFO as they share no meaningful relation. By way of contrast, during the early-Twentieth Century, in order to prevent industrial action, Henry Ford – a capitalist who had to look his workers and their trade union delegates in the face and knew they recognised him as such – wanted his own workers to be able to buy the cars they built. This social relation was what propelled the social contract of the great class compromise between labour and capital in the New Deal. It was no intrinsic altruism on the part of industrial capitalists. They profited if workers had disposable income which they could spend on consumer goods. All of this sentiment began to disappear with the neoliberal revolution of the 1980s (Harvey 2005: 12). This restructuring of the global class system (triggered by the first round of austerity during the crisis of social democracy to which neoliberalism responded in the late-1960s to the early-1970s) is a necessary precondition for the rise of left-populism and the new form of class struggle between the TRO and the TPC.

The class struggle between the TRO and the TPC is characterised by competing visions for the application of technology – specifically, between a *New Enclosures* and *New Commons*. The TRO seek to create New Enclosures through controlling, privatising, militarising and restricting access to resources, thus creating artificial scarcity conditions ripe for the infinite extraction of rents from all seeking to gain access to a resource. The TPC, in contrast, has a material collective interest in pursuing control over technology to create New Commons and the conditions for universal free access and abundance. A united and class-conscious TPC could seek to undo the many sites of privatisation which spread across the world during the neoliberal era – of electricity, water, Internet provision, urban space, public transport and all the other necessities for having a good life, in a process sometimes referred to as 'commoning' (Bauwens 2015; Hardt

2010). The rapid and seemingly unstoppable spread of file-sharing websites and software shows the TPC's intention, while the TRO's response to this attempt to create a New Commons has been to punitively develop armies of lawyers and police focused on cyber-crime who seek to defend the interests of intellectual property rights by imposing a digital regime of New Enclosure (Wark 2003). Therefore, the name 'Commoners' is included in the title of this class. Where these individuals unite and realise their collective subjectivity as a powerful actor capable of transforming their material circumstances, they can create New Commons where there was previously privatisation and a form of New Enclosure.

The state under techno-feudalism

Techno-feudalism is distinct from capitalism in that alongside the development of a new economy, new classes, and new class subjectivities, a new kind of state has emerged. Again, in a process begun during the neoliberal reassertion of class power (Harvey 2005: 12), the democratic institutions of the political sphere and economy were systematically crushed, leaving an increasingly anti-democratic state with an ever-expanding repressive apparatus. The most iconic recognisable feature of this is the phalanx of riot cops, clad in military armour carrying a shield and military grade firearms, as the Black Lives Matter movement has drawn such important critical attention to in recent years (Wood 2014: 38; Balko 2013: 162). In reaction, conservatives have rallied the absurd claim that there is a 'war on police' (MacDonald 2016: 14). It seems that there is always enough money for the latest weapons technology for riot police, but never enough money to fund basic needs like public healthcare, housing or education. This state and all the institutions within it have become captured by the Techno-Rentier Oligarchs which have come to replace the capitalist class – comparable to how the early merchant-capitalists previously replaced the rule of the aristocracy during the transition from feudalism. We can observe this through many institutions, but a prominent one would be the criminal justice and taxation institutions within the state, which systematically do not and will never punish these oligarchs, no matter how grave their crimes.

One of the hallmarks of capitalist society is the principle that all are equal before the law. The spirit of the bourgeois revolutions against feudalism was that all citizens should have rights, the entitlement to pursue those

rights and have violations adjudicated fairly by the great institutions of the justice system. In 2016, one of the most important stories of the last generation broke when the International Consortium of Investigative Journalists released to the public what they called the Panama Papers (Ferozhar 2016), followed by the Paradise Papers (Lynch 2017). Both revealed in morbid, painstaking detail the corruption, theft, tax evasion and sheer class arrogance of oligarchs from almost every country on earth. Tens of trillions of dollars had been hidden away in tax havens like Panama, and a network of similar centres catering solely to this class of individuals. This system of organised theft had been set-up to allow their class to do this for over 80 years. Having committed such crimes on such a such a global scale and having them revealed to so many people – including plenty of judges and lawyers – one could reasonably assume that somebody should have faced their day in court and been punished. At the time of writing, half a decade since these leaks were revealed, not a single oligarch in the Panama or Paradise Papers leaks has been to prison, paid a fine or faced criminal charges of any kind.³ The tax havens are still open. The trillions in stolen funds remain safely hidden from commoners. It is rarely discussed in the mass media or any public setting. It is almost as if the leaks never happened. This demonstrates that no matter the scale of theft or other injustice the TRO commit, the system remains structured in favour of these oligarchs.

The emergence of techno-feudalism is a – if not *the* – key reason that mass protest has ceased to function as a mechanism through which the people can exercise their collective democratic will by means of extracting progressive redistributive reforms from elites via the state to the economy. Throughout the course of the Nineteenth and Twentieth Centuries, the labour movement, the socialist movement, the women’s movement, the environmental movement, and the anti-racism movement, to name a few, each witnessed millions of participants join their struggles. They produced significant, material political change by applying disruptive pressure to elites and forcing them to yield to popular demands. Some of them even overthrew a state and established socialism. To illustrate the impact of the labour and socialist movements, for instance, of the ten demands listed in the Communist Manifesto (Marx & Engels 2012[1848]: 73), perhaps half

³ The Prime Minister of Iceland faced popular pressure and had to resign after protestors objected to his family’s use of a tax-dodging scheme unveiled by the Panama Papers. To date, as far as is known, nobody involved has been charged with any crime.

are now taken for granted as the basis of a just social contract in social democratic societies across the OECD. These include a heavy progressive income tax, establishment of a central bank, centralisation of the means of transport and communication in the hands of the state, abolition of child labour, and universal public education. During the neoliberal period of 1973-2008, these began to be reclaimed by the capitalist class through one wave of privatisation after another, demonstrating the conditional and contingent nature of all reforms under capitalism. In the past 10-15 years, many social movements have developed and mobilised on a similar scale. Yet few-to-none have had a decisive impact. The mobilisations to stop the Iraq War in 2003 were among the largest in history, and yet the American invasion of that country went ahead as planned. A highly vibrant and militant third wave feminist movement has mobilised on a very significant scale, and yet deep-rooted structural inequality remains, as reflected by the gender-wage gap. As one of Occupy Wall Street's founders put it, 'protest isn't working anymore' (White 2016: 10).

The Coronavirus crash, Malthusianism and exterminism

The ongoing Coronavirus crash has regularly been observed as demonstrating something significant about the nature of neoliberal capitalism: namely, that it appears unable to contain its economic crash as it did during the previous economic crises of the 1970s-2008. This time something is different. The governments of most countries around the world have prioritised public health above the economy, adopted a staged lockdown policy and promoted social distancing to prevent the pandemic from spreading. The President and Federal Government of the United States, however, have adopted a policy of prioritising the economy over public health, as evidenced by their rapid drive to reopen all sectors as quickly as possible – effectively leaving individuals on their own if they catch the disease (AFP quoting Trump 2020). At the time of writing, over 12 million Americans have caught the virus and over 250,000 Americans have been killed by it. The Government's commitment to keeping the economy open no matter the cost to public health reflects a deeper dynamic – one that reveals the oligarchy's contempt for the underclass which it regards as a surplus class no longer needed for the reproduction of society (Harari 2016: 349).

Elites and the state neglecting a class of people who have become surplus to the productive requirements of a particular form of class society is not new. In his legendary study on the living conditions of the industrial working class in English cities, Friedrich Engels (1845: 95) gave it the name ‘social murder’. One of the most visible features at the ideological heart of techno-feudalism is its elite contempt for the ‘surplus class’ (see Harari 2016: 349), rendered neither necessary nor a threat by automation of labour and the precariousness of work. It could be argued, then, that societies such as the US are being psychologically prepared for a near future in which Malthusian concerns about overpopulation and a scarcity of resources become mainstream features of political debate. Instead of weather or not to build a wall along the Mexican border, perhaps US elections in the near future will feature debates about whether existing military technologies such as combat drones can be deployed domestically by agencies such as ICE and municipal police departments in order to reduce the surplus population. When combined with far-right conservative ideas about people in the surplus class – especially those in the Global South – being expendable, we might call this eco-fascism or to use Naomi Klein’s (2019: 38) term ‘climate barbarism’.

As Frase (2016: 71) has pointed out, economic elites have grave concerns about the coming era of wars for control of resources such as food, water and oil, which will become scarcer should existing ecological projections continue to hold true (Turner 2014). For instance, the most recent IPCC report on climate change has estimated that humanity has until 2030 to radically reduce carbon emissions and limit global warming to 1.5 degrees Celsius above temperatures since the industrial revolution or face unpredictable effects of runaway climate change (Klein 2019: 5). Calls for a reduction in the global population, often couched in humanitarian-interventionist and environmentalist terms, have only grown louder since Paul Ehrlich released his seminal book *The Population Bomb* in 1968 – blaming every social problem imaginable on resource scarcity triggered by overpopulation. This forms a potential rationale for what Frase called ‘exterminism’ (reinterpreting an idea advanced in the final decade of the Cold War by Thompson 1980: 1): the policy of wiping out much of the world’s population, either through passive neglect or overt military force as a solution to the scarcity and ecological crises generated by this system (Frase 2016: 71). Frase seems to think the bourgeois have a conscience and will ultimately back away from such barbarity. As we currently rocket towards a warming scenario of 3-6 degrees Celsius above Nineteenth

Century global temperatures, against the best knowledge and expertise on how to stop this process and transition using green technologies already available, these calls for population control and eco-barbarism only seem likely to grow only louder.

Even more extraordinary, and indicative of a structural transformation as a result of the social murder that the coronavirus is visiting upon society, is the acquiescence with which this ongoing trend is accepted as normal. In the US, the life expectancy gap between people in the underclass and the oligarchs is 20 years and currently projected to increase indefinitely with no point of equalisation on the horizon (Dwyer-Lindgren *et al.* 2017). This speaks to the naturalisation of class inequality, a return to the notion in pre-modernity that everything in existence is in its ‘natural’ place. These statistics do not get produced in a cultural vacuum. They are the consequence of consciously planned economic policy over a period of decades which treats the growing underclass as an externality. In previous eras – during the expansionist and social democratic phases of capitalism – when the state was more responsive to popular demands, social movements (especially the labour movement) would have mobilised and extracted reforms to reduce the severity of issues such as these. The critical theorist Han (2015) suggests that over the neoliberal period, we have lost the capacity for such collective and political action, supplanted by the selfish neoliberal subject which directs frustration inwardly. It is perhaps one of the unintended long-term consequences of neoliberal governmentality that now there is little public discussion or protest of the innumerable dead due to Engels’ notion of social murder (1845: 95). It is treated as an unfortunate inevitability to which there is simply no alternative.

Limitations

The literary license taken to use the term techno-feudalism itself could be interpreted as problematic. Some might condemn its ahistoricism and insist on the literal definition of feudalism as singularly defined as the period between the Fifth and Fifteenth Centuries. Other analysts would deny that there is anything new about precarious labour conditions and would argue that work has always been precarious under capitalism, thus negating the term TPC and reiterating the orthodox terminology. Others still might insist that the mode of political economy described is just plain

old capitalism, and that these changes amount to new symptoms rather than a whole new disease. However, since the overwhelming majority (Tomo 2020 estimates it at 90 percent) of all the value in the economy today is characterised by intangible capital and takes on no material form, it makes little sense to say that this form of class society would be considered interchangeable with that recognisable to economists of the Nineteenth and Twentieth centuries at the height of industrial capitalism's global proliferation, in which 100 percent of it had a material basis. Although the next system will be built out of the ashes of the old, and thus necessarily will feature relics and common attributes of some kind, just as capitalism never fully liquidated prominent features of feudal society from the landlord, to rent, to the church, at some point it will become necessary to draw a figurative line in the sand and say that the prevailing form and relations of production are distinct enough to be described and analysed on their own terms.

Conclusion

Neoliberal capitalism is in a long hegemonic crisis in the core of the world-system and some new form of political economy is going to replace it sooner or later – just like the social democratic model of capitalism and the *laissez-faire* model which came before it, just as feudalism and slave-based empires transitioned through their final days too. Through the well-organised collective action of human beings, each system had a beginning and it is through the well-organised collective action of human beings that each had an end. It is up to us, our collective will and ambition as societies to determine the contours of the next system that will replace our present form of class society.

To organisers and activists who would seek to challenge the TRO and their emergent system of control, two questions bear sustained reflection as a starting point before contemplating engaging in collective action. Firstly, how can you rally popular and fragmented social forces to your cause by getting people to rupture with individualistic, precarious, neoliberal subjectivity? In turn, how can you foster the adoption of new forms of class subjectivity particular to the conditions of post-industrial societies such as the US, thereby allowing the TPC to begin realising its collective agency and potential political power? Secondly, how can the TRO's monopolisation of technology via the platform, its use for social control

and to create New Enclosures become popularly understood as a central injustice connected to other injustices in our society? In turn, how can this help propagate the notion that, through sustained mobilisation and the use of state power, technology can be made to serve the TPC as a tool for the democratisation of resources and the creation of New Commons? Although there are powerful structures arrayed against movements for a more democratic society as we emerge from the ruins of neoliberalism, the future is never predetermined.

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BOOK REVIEWS

Thomas Biebricher

The Political Theory of Neoliberalism

Stanford University Press, Palo Alto, 2019, 272 pp., \$40, paperback.

Reviewed by Brent Toye

Thomas Biebricher's excellent book on neoliberalism reconstructs the intellectual lineage of this ideology by examining the work of key neoliberal thinkers like Hayek, Röpke and Buchanan in relation to four traditional categories of political thought: the *state*, *democracy*, *science*, and *politics*. This theoretical canvass is situated in the second part of the book in relation to a major example of 'actually existing neoliberalism' – contemporary European Integration – to demonstrate the impact of neoliberal ideas on concrete reform projects.

Biebricher begins by asking 'what is neoliberalism?'; a question that has become both more frequent and relevant as the term has gained popularity. His answer is that it is not a specific set of policies – deregulation, privatisation, marketisation – but a specific problematic related to the failings of Nineteenth Century *laissez-faire* liberalism. What unites neoliberal thinkers is their shared concern for understanding the preconditions of a functioning market-based society and their concomitant critique of state-led forms of planning and collectivism. Early neoliberal thought in the 1920s and 1930s was in reaction to emerging forms of ('socialist') state planning. Following the Second World War, the adversary of neoliberalism shifted from planning to the quickly-growing welfare state. Key institutional and ideological components of Twentieth Century state development – planning, collectivism and the welfare state – were seen as symptomatic of the decline of Nineteenth Century liberalism. Yet, rather than simply seek to revitalise the latter, neoliberals abandoned the doctrine of self-regulating markets that failed to be

sustainable in-practice. Instead, proponents saw their project less as an attempt to restore 'free' markets *per se*, than to institutionalise – with the help of the state – the conditions of *functioning* markets in capitalist political economies.

As detailed by Biebricher, there was great diversity in how different neoliberal theorists viewed these aspects of a polity and their relationship to establishing a functioning market order. Looking at the state, for instance, there is a natural tension between neoliberal authors that stress the centralisation and autonomy of state power in order to enforce a market order, and those that see political decentralisation as a beneficial and market-enhancing constraint on state intervention. A similar tension exists between prescriptions that, on the one hand, call for the substitution of market-enhancing technocratic governance for democratic decision-making, and populist tendencies that see direct forms of democracy as a check on wasteful political elites.

The ambiguity of neoliberal thought makes it all-the-more important to devise a framework for understanding its influence on politics. In this respect, Biebricher situates his analysis in the tradition of discursive institutionalism (for an overview, see: Hay 2001; Schmidt 2008). The latter is part of the historical institutionalist revival within the social sciences that began in the 1970s and has focused on the role of historical context and institutions in shaping political behaviour. Discursive (that is, constructivist/ideational) institutionalism emerged partly as a critique of the dominant strands of historical institutionalism, which were accused – due to their emphasis on institutional path-dependency and stability – of being unable to account for political change. Discursive institutionalists argue that ideas themselves are significant explanatory variables and not just supplementary to institutions and interests. Rather than the latter producing ideas, ideas are believed to form the 'meaning context' in which institutions and interests emerge, and are also reproduced (Schmidt 2008).

Biebricher applies this analytical framework to the question of European integration and the 2010 Eurozone Crisis. Along with Blyth (2002), he argues that while ideas always matter to politics, they particularly matter in moments of crisis, when stable institutions seemingly crumble and long-held beliefs about the functioning of society dissipate. In these moments, ideas can have a decisive influence on social and political development. Biebricher argues European elites were guided predominately by ordoliberalism in the aftermath of the Eurozone Crisis – a German strand

of neoliberal theory that emphasises the role of the state in enforcing a competitive market-order.

It is here where the argument about the role of ideas in the political process becomes slightly less convincing. Biebricher's account of the ordoliberalisation of Europe is largely circumstantial. He demonstrates how the EU's overall emphasis on price stability, unlimited individual liability, technocratic governance, and market competition conform to ordoliberal principles, but is unable to reconstruct how this influence plays out in a convincing *causal* account. One part of the problem is methodological. As is often noted, it is hard to find a 'smoking gun' that explicitly links philosophical ideas to concrete policy proposals. That being said, some of the more successful accounts on the role of ideas in the policy-making process are able to trace the ideological influence of policy networks and the philosophical biographies of key players within them (*eg.*, Blyth 2002).

A more significant issue is theoretical. You would be hard-pressed to find a political economist that does not think 'ideas matter'. The debate is really about *under what conditions* ideas become persuasive and can be implemented (Hall 1989). While Biebricher is quick to add that ideas are not the *only* factors that matter, without a more comprehensive account linking theoretical neoliberalism to class relations, institutions, and pre-existing ideological norms – in other words, to a theory of how ideas are 'socially embedded' (Cahill 2014) – it is hard not to see them as free-floating factors that are 'added on top' of existing institutional and interest-based analyses, something that Biebricher precisely seeks to avoid.

This, however, is only a relatively minor squabble with the last section of Part II of *The Political Theory of Neoliberalism* which, admittedly, is intended to be more exploratory and suggestive than represent a finished analytical product. The real strength of the book lies in its immanent critique of neoliberal thought found throughout, as Biebricher meticulously deconstructs the work of Hayek, Friedman, Eucken, and others to highlight the inherent contradictions and limitations of their perspectives on the state, democracy, science and politics. For the Left and progressive academics, the book is a great resource for understanding neoliberalism directly from the texts of its main proponents. This is something that is desperately needed as the concept of neoliberalism itself has become increasingly stretched the more it has been popularised.

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Michael Lind

The New Class War: Saving Democracy from the Metropolitan Elite

Atlantic Books, London, 2020, 224pp., \$28, hardback.

Reviewed by Gábor Scheiring

Class analysis is back. Skyrocketing inequalities, the stagnation and marginalisation of the traditional working class, and the right-wing nationalist revolt have pushed issues of class into the limelight. The 2010s saw the publication of numerous books on the working class, causing quite a stir both in academia and public discourse (see the review by Bergfeld 2019). These phenomena challenged the view of 'classless' societies, dominant from the 1980s to the 2000s, that suggested individual success was determined solely by individual abilities or ethnic/gender hierarchies. Fitting into this class renaissance is Michael Lind's provocative, incisive, yet structurally flawed book on class war.

Lind is both an academic and a journalist, whose writings always draw public attention across the political spectrum in the US. He is an excellent writer. His sentences are short and punchy, his argument is clear, and his message is dear to the heart of a reader who is sensitive to the problems of our times: 'Demagogic populism is a symptom. Technocratic neoliberalism is the disease. Democratic pluralism is the cure' (p. xv).

These are the closing sentences of his introduction, raising the bar of expectations high – unfortunately, only to be knocked-down later.

Lind is challenging to classify. He is regarded as a right-wing intellectual, while his dominant views could be summed-up as progressive economic nationalism. He is a native Texan, presently a Professor at the University of Texas at Austin. He began his public policy career as an employee of the conservative Heritage Foundation (1988-1990), worked at the State Department under Goerge Bush Sr. (1990-1991), and then continued as executive editor of the also conservative *National Interest* (1991-1994).

Later he turned slightly from right to left. In the 1990s, he became the editor of the liberal-conservative *New Republic*, which is now regarded as progressive. He also worked for the *New Yorker* for some time. In 1999, he and some of his colleagues co-founded the New America think tank, a centrist-liberal lab open to the left. Lind is a follower of Alexander Hamilton, the father of American economic nationalism, who has seen a great come-back in recent years. Despite his early neo-con affiliations, Lind is now a major critic of libertarianism and a proud heir to the spirit of the New Deal.

Anti-elitism is nothing new to the American conservative movement. A significant portion of the New Right is fiercely critical of liberal elites, while supporting traditionalist worker-populism. This is the right-wing populism of the family-centered and religious ‘underclass’ rooted in local traditions (Denen 2020). Lind stands to the left of this world, believing in trade unions instead of the church, pluralism instead of traditions, class consciousness instead of family, nation-state instead of small community – he is, nevertheless, fundamentally right-wing.

Lind’s worldview indicates the confusion of our time’s political coordinates, where the prominent critic of the technocratic-liberal ruling class is not social democracy but right-wing, economic nationalist populism. This social-protectionist conservatism stands behind Trump’s success, even if most of Trump’s policies have harmed the working class. This economic nationalist populism is, in many ways, more receptive to the values and interests of the American working class than contemporary centrist liberalism. Another much-cited book of this new right-wing anti-elitism is J.D. Vance’s (2016) autobiographical bestseller, *Hillbilly Elegy*.

As the progressive movement’s situation after Sanders is uncertain, the question remains whether the left will be able to return to its social roots, or whether the new right will permanently oust it from there. This new

right paradox is that it successfully combines economic nationalist worker populism with neoliberalism that strengthens business elites. As Hacker and Pierson (2020) summarise the political paradox of the day:

To advance an unpopular plutocratic agenda, Republicans have escalated white backlash – and increasingly undermined democracy. In the United States, then, plutocracy and right-wing populism have not been opposing forces.

Besides Trump, the Brexit movement is also an excellent example of the success of this combination. Brexit's top supporters include die-hard neoliberals, who have built an ideology and political strategy on Thatcher's infamous anti-EU remark (Thatcher 1988): 'We have not successfully rolled back the frontiers of the state in Britain, only to see them re-imposed at a European level.' In my home country, Hungary, Viktor Orbán's illiberal 'Orbanomics' is also remarkably creative in combining neoliberalism with populism, promoting foreign and domestic capital, while pacifying the regime's economic victims with national-populist chest-beating (Scheiring 2020a).

Lind is right when he vigorously emphasises that democracy is a class compromise: 'No theory, no promises, no morality, no amount of good will, no religion will restrain power. Only power restrains power' (p. vii). Lind's starting point is that the democratic class compromise that enabled the peaceful development of Western societies – *ie.* 'the golden age of capitalism' – has collapsed. Until the 1970s, a system of trade unions, local associations, religious communities, and mass parties ensured the working class' power over the managerial class. However, a new class war has replaced the relative social peace of the Cold War. This new class war is fought between the metropolitan managerial class and the working class. Thus, according to Lind, the main class-forming factors today are education and geographical location.

Members of the dominant, technocratic-neoliberal managerial class live in big cities, work in large multinational corporations, banks, foundations, or universities. By contrast, the working class has been squeezed out of large cities, mostly to areas with low population density, where the post-Fordist service sector has replaced Fordist industrial production. The new working class is increasingly concentrated in the retail or logistics sector, while the industrial working class is shrinking. Increasing real estate prices pushed workers out of big cities and made it harder for workers in deindustrialised areas to move into cities to start a new life. Large cities are, thus, inhabited

by members of the managerial class and first-generation immigrants, the latter providing luxury services (cleaning, barista, babysitting) to the former and willing to pay the increased housing costs as they would live in even worse conditions in their homeland.

Lind highlights that between 1981 and 2013, the offices of President, Vice President, or Foreign Secretary were filled by either a Bush or a Clinton. During these three decades, American society disintegrated, workers' real wages stagnated/declined, while the richest made huge fortunes. Migration, deindustrialisation, and anti-union measures in the economy cut-back the bargaining power of organised labor. Lind rightly points out that deindustrialisation implied material devastation and the disintegration of a complex workers' culture. In my book, *The Retreat of Liberal Democracy* (Scheiring 2020b), I highlight a similarly complex afterlife of deindustrialisation in Hungary.

Even if it is an exaggeration, Lind pinpoints a genuine hypocrisy when claiming that the dominant managerial class benefits from liberal immigration policy in two respects. On the one hand, cheap immigrant labor in companies breaks wages, thus increasing profits. On the other hand, the dominant managerial class' favorite personal luxury services are also much cheaper when provided by immigrants than members of the native working class. Neoliberal technocrats would welcome more Latino cleaners, while the native working class sees immigrants primarily as competition in the labor market, a threat to the wage levels they have fought out, and maybe as rivals in the use of public services.

Thus, Lind claims, it is no coincidence that, throughout history, the labor movement in both America and Western Europe has supported restrictive immigration policies to reduce competition in the labor market. This does not mean that organised labor has actively campaigned against immigration; integration and restrained immigration have been in their interests. The populist-right fuels this conflict of interest, contrasting the pro-migration neoliberal managerial class with the working class.

The book argues that the dominant technocratic-neoliberal managerial class has subjugated the working class in all three significant dimensions of power: culture, the economy, and politics. Lind agrees with populism's left-wing interpreters that the populist revolt is due to this complete takeover of power by the technocratic-neoliberal managerial class. The French Yellow-Vest movement, Brexit and Trump are all products of this new class war. There is, indeed, a considerable body of literature on the

statistically significant correlation between deindustrialisation, deaths of despair, the import shock, robotisation, and intensifying illiberal and populist politics (Anelli *et al.* 2019; Colantone and Stanig 2018; Koltai *et al.* 2019; McQuarrie 2017).

So far, so good. However, the book's weaknesses come to light as we continue to turn the pages. Lind does not know, or chooses to ignore, the tradition of democratic socialist social theory. He refers to the system of compromise between workers and the elites as 'democratic pluralism'. We do not see any reference to the classics of political sociology or political economy that have presented a much more nuanced analysis of the temporary democratic class compromise of the Twentieth Century (Berman 2006; Korpi 1983; Przeworski 1985; Therborn 1977).

Since Lind does not build on established political economy, his concepts are underwhelming. The ruling class outlined in his book, for example, is rather broad. Lind suggests that the ruling class comprises a segment of the professional elite that provides institutional leaders, comprising roughly the top 15% of society. On this definition, a black teacher with a degree, for example, would be a member of the ruling class, while a gas-fitter contractor employing six workers would be considered 'underclass.' This is absurd, even if access to education has indeed become a crucial class-forming factor. At one point, Lind himself admits that the real driving-force behind economic and power inequalities is 'not knowledge capital, but good old economic capital' (p. 120). If he sees this so well, then it is unclear why economic-financial capital is missing from his class theory.

Lind tends to use the 'working class' and 'white workers' interchangeably. Lind writes that while the elites' multiculturalism is open to recognising minority identities, it is simultaneously hostile to white subcultures' traditions. As Anand Giridharadas pointed it out in his criticism in the New York Times, it is hard to see how exactly neoliberalism oppresses whites (Giridharadas 2020). Companies and politics continue to provide significantly better advancement opportunities for white Americans, with the sweeping majority of the business class being made up of white men. By reframing class war as culture war, emphasising white grievances and downplaying ethnic disadvantages, Lind goes against his own goal of strengthening worker solidarity (Bergfeld 2020).

Giridharadas's critique, similar to that of most centrist liberals, underestimates the role of class in Trump's 2016 success. Indeed, the

Republican Party is still less popular among low-income people than the Democratic Party. However, in the lead up to the 2016 election, many workers migrated from the Democratic Party to the Republican Party in the Midwest's deindustrialised states (Wisconsin, Pennsylvania, Ohio, Illinois), or the similarly deindustrialised northern part of New York state. Regaining some of these voters was crucial for Joe Biden's success in 2020. Thus, Democrats continue to be more popular among the 'poor,' but there has also been a very significant shift in the class composition of the two parties' constituencies (Morgan and Lee 2018).

Lind is insightful when he identifies strengthening grassroots power as the way out. His book, however, says very little about how subordinate classes will have power (again). His effort to swing liberal and conservative positions out of their entrenched positions to give a chance for mutual understanding is respectable. However, he also rejects left-wing solutions, such as more intensive redistribution, including the basic income. He argues that redistribution is not a solution to the structural source of inequality and that it only pacifies people at the losing end of technocratic neoliberalism. Not the best way to start mutual understanding.

Even more problematic is that Lind's class concept tends to define 'class' as a cultural status group and focuses on the white working class. As a result, his narrative is incapable of bringing ethnic and class-based conflicts to a common denominator, thereby failing to establish genuine class solidarity between workers and different factions of the underclass. In the absence of genuine economic class theory, Lind's analysis is lackluster. The book lacks empirical depth. Good journalism, disappointing social science.

Instead of the vague democratic pluralism outlined in the book, we need left-wing populism. It is time for a progressive class politics capable of building a lasting coalition between urban and rural, minority and majority, native and immigrant workers. This is the only way to rebuild the power of the working class and save democracy.

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Elizabeth Humphrys

How Labour Built Neoliberalism: Australia's Accord, the Labour Movement and the Neoliberal Project

Haymarket Books, Chicago, 2019, 268pp., \$49, paperback.

Reviewed by Rob Watts

Nothing quite begins to make as much sense of the current collective confusion, bewilderment and muddle that characterises Australian parliamentary politics, as something former ALP Prime Minister, Kevin Rudd, said in the immediate aftermath of the Great Recession of 2008. Rudd (2009) suggested that 'The political home of neoliberalism in Australia is, of course, the Liberal Party itself.' The idea that the Liberal Party is the political home of neoliberalism is one of the central defining myths of our time. The flip-side of this myth is the narrative that, between 1983-96, the Hawke-Keating governments were not only electorally successful, but part of the great tradition of reforming Labor governments. On this account, the Hawke-Keating terms modernised the Australian economy without giving up on the great Labor/social-democratic project of promoting a more equal and just society, while simultaneously avoiding the descent into neoliberal policies that had defined the Thatcher and Reagan years in Britain and the US.

Predictably enough, this story was given exuberant expression in 2018 on the 35th anniversary of the election of the Hawke Labor government, when Australian businesspeople, politicians and 'thought-leaders' (like Paul Kelly of *The Australian*) remembered the whirlwind of 'reform' unleashed when the Aussie dollar was floated in December 1983, the first of many waves of 'economic reform' that crashed over Australians in the decades that followed.

More puzzling, but much more revealing of the fog of confusion that has settled-in over the ALP and Australian electoral politics more generally, is the way contemporary ALP figures now understand the Hawke-Keating years. Take the evaluation offered by Rudd's (2009) *Monthly Review* piece, penned in the middle of the Great Recession. Rudd clearly wanted to assume the mantle of a 'social democrat' while distancing himself from neoliberalism. In his disingenuous essay, Rudd argued that neoliberalism was responsible for the 2008 recession, which indicated why neoliberalism

‘could no longer make any claims to continuing ideological legitimacy’. More puzzling was the way Rudd claimed to see, in the Hawke and Keating governments, a shining example of social democracy at work. For Rudd (2009) these Labor governments:

pursued an ambitious and unapologetic program of economic modernisation.

Their reforms [...] were able dramatically to improve the productivity of the Australian private economy, while simultaneously expanding the role of the state in the provision of equity-enhancing public services in health and education.

In 2013, one of Rudd’s predecessors as Labor leader, Mark Latham (2013: 4) – who liked to refer to himself as a ‘Third Way’ politician – declared:

With their economic reforms the Hawke and Keating governments freed up social mobility, ending the rigidity of Australia’s class structure. A deregulated economy has given workers the chance to gain access to capital and establish small businesses. This is a tremendous force for growth and wealth accumulation, making it the greatest economic achievement of Labor’s history in government.

The absence of evidence for Latham’s bizarre claim is exceeded only by the absence of evidence for Rudd’s claims about the commitment to equity apparently exhibited by the Hawke-Keating governments.

It is due to such limited historical recollections that Elizabeth Humphrys’ new book matters. We owe her a great debt of gratitude for showing us how and why we must reject such rosy accounts of the ALP as so much twaddle. Her book does two important things – and does them really well. Firstly Humphrys:

investigates how neoliberalism was constructed in Australia, and in particular the role of organised labour in that process. The analysis focuses on the 1983-1996 social contract known as the Accord, signed between the Australian Labor Party (ALP) and the Australian Council of Trade Unions (ACTU) (p. 1).

Secondly, it scotches the myth that only ‘right-wing’ governments (think Pinochet in Chile, Thatcher in Britain, Reagan in the USA, or the Howard Coalition government in Australia) have promoted neoliberal policies. The book thereby destabilises:

the dominant narrative of the origins of neoliberalism in order to account adequately for the diverse trajectories of neoliberal restructuring internationally. Existing radical and Marxist versions of the dominant narrative often posit that it was a coercive project of the

New Right only subsequently or reluctantly pursued by social democrats or imposed on unwilling labour movements (p. 72).

In this important intervention, Humphrys poses a particular challenge to those progressive scholars who have struggled to avoid the obvious. Some have started from the premise that, because neoliberalism is a project implemented by governments of the right, this means that neoliberalism was imposed coercively by state elites and only subsequently adopted, albeit reluctantly, by Laborist and social democratic parties – who were essentially both objects, and victims, of this process. This is the story told by, for instance, David Harvey in his *A Brief History of Neoliberalism* (2005). Others, like John Ahlquist (2010) and David Peetz (2013), highlight the role played by corporatist politics. This involves treating Hawke’s ALP government and the Accord as evidence of a corporatist politics, before insisting that corporatism and neoliberalism are both different and contradictory political tendencies. Yet others have even argued that the ALP-ACTU Accord was actually a social-democratic exercise devised to protect Australia from neoliberal policies. Ben Spies-Butcher (2012: 208), for example, has argued that the Accord signified ‘collaboration combined with a more pragmatic approach to “economic rationalism”’ (*ie.* neoliberalism), and that what the ALP achieved between 1983 and 1996 was ‘a pragmatic accommodation between markets and equity’.

Finally, others like Pierson (2002: 184) prefer to engage in a different kind of evidence-free conceptual pussyfooting, arguing that although the ‘reputation of the ALP under Hawke and Keating [was] as the first neoliberal labour government’, this judgement is ‘too straightforward’ (*sic*). Pierson (2002: 184) argues that while ‘Canberra’s policy making and opinion formation did come increasingly under the direction of “economic rationalists”’, it did not constitute the ‘wholesale assault upon welfare provision that marked out neoliberal governments (at least in aspiration) elsewhere’. Hence, Pierson’s characterisation of the Accord period as ‘social democracy on the back foot’. Some of this commentary may reflect the effects of the ‘tyranny of distance’ on an overseas commentator like Pierson, but nothing much can excuse those commentators who were actually living in Australia.

Humphrys offers a crisp rebuttal of accounts like these which are, at best, partial and incomplete, and, at worst, fundamentally wrong. She says we can better understand neoliberalism if we examine the development of neoliberalism in locations and by actors other than those than the

conventional accounts privilege, like Thatcher in the UK or Reagan in the US.

In Australia, what Humphrys calls ‘vanguard neoliberalism’ was constructed by an ALP government and by the trade union movement locked together in a wide-ranging 13-year social contract. Looking closely at the Accord (Mark I), Humphrys insists that this social contract was the form neoliberalism took in Australia. She sets about documenting how neoliberalism was inscribed within what some commentators at the time, including this writer, took to be a corporatist project; but which, more importantly, was actively constructed by both the industrial and political wings of organised labour.

The first Accord of 1983 was a bipartite ‘social contract’ signed by the ALP and the national trade union peak body, the Australian Council of Trade Unions. The agreement committed both parties to reducing wage growth by indexing it to inflation. This reflected the belief shared by the representatives of capital and labour that the post-War boom years between the late-1940s and early-1970s had seen labour claim too large a share of national income. To fix this ‘problem’, the ALP and the ACTU agreed to protect living standards through enhancement of something called the ‘social wage’ (*ie.* the per capita value of all social expenditures). This elaborate piece of conceptual legerdemain owed a lot to former Communist unionists like John Halfpenny in the metal workers’ union.

It was the implementation of this Accord agreement that ensured the introduction of neoliberalism in Australia.

As writers like Stilwell (1986), Beilharz (1994), Strauss (2013) and Wilson (1999) have demonstrated, the Accord – which was implemented in eight ‘editions’ (Marks I-VIII) – was progressively re-bandaged, refurbished and renegotiated between during the Labor years. These Accords promised wage restraint *and* the maintenance of real wages through policies designed to moderate prices and non-wage incomes by way of taxation reform and public expenditure increases at pledged levels. Early critics, like Frankel (1992), were not fooled. They highlighted how quickly it became clear that the sequence of Accords failed to prevent the re-emergence of disastrous levels of unemployment, let alone sponsor the kind of vibrant industry policies and/or social justice strategies which so many unionists in the early 1980s thought would follow.

So what did the Hawke-Keating governments actually do? The ALP’s neoliberal ‘reform’ project included:

Privatisation of state owned industries and utilities, flexible labour markets, outsourcing of non-core functions, deregulation of financial markets and the removal of exchange controls, abolition of protective tariffs and subsidies on essential goods, commodification of services once provided free at the point of use, the shift from direct and progressive to indirect and regressive taxation and a monetary policy dedicated to the maintenance of low levels of inflation (Davidson 2013: 190).

Real wages were cut and cut hard. As Fritjers and Gregor (2006) show, the Accord years sponsored an effective cut in real wages of between 30-50%. If this was supposed to enable a serious attack on unemployment by sponsoring job creation, this never happened. Worse still, the Hawke government unleashed a fire-storm of welfare 'reform' targeting the unemployed. This involved treating the unemployed as 'objects' – morally disgusting 'dole-bludgers' – who themselves became the primary policy problem, rather than addressing the actual problem of insufficient jobs in driving unemployment. John Strauss (2013) adds that those Australian workers who were employed faced stagnant real earnings throughout the 1980s, with falling award (arbitrated) wage rates. The result over time has been documented by the likes of Leigh (2013) and Piketty (2020) we have seen increasing income inequality, increased underemployment, precarious labour and cutbacks in government provision of many goods and services.

Why did the ALP leadership and the unions support such a disastrous project? Here I think that more work remains to be done.

There are good grounds for thinking that, from its inception, the ALP has always been a reformist party which, as Tom Bramble and Rick Kuhn (1999: 27) have said, 'seeks to shape the capitalist state and capitalist economy in order to secure the process of capital accumulation'. That said, what does need explanation is how and why the ALP gave up on the kind of Keynesian social liberalism it embraced in the 1940s under Curtin and Chifley, which relied on strong state interventions into the economy and a modest commitment to equality.

Humphrys argues that there was a failure of policy on the part of the Whitlam government and the ACTU in the 1970s to engage with what she treats as a 'real' economic crisis, represented as the failure of Keynesian policy to deal with 'stagflation'. This ignores the possibility that, like later 'crises' (eg. the so-called 'debt crisis' in the late 1980s and early 1990s promoted by credit rating agencies that legitimated the fire-sale of

publicly-owned banks and utilities), this crisis was a politically constituted crisis. It was used, as Richard Cockett (1994) argued, by resurgent neoclassical economic think-tanks and university economic departments alike to bring-down Keynesianism. Writers like Tim Battin (1997) have shown that there was no intellectual crisis in Keynesianism; however, the *perception* that there was proved fatal.

On Humphrys' account, the failure of policy in the 1970s disposed key Labor figures (like Hawke, Hayden, Keating and Willis) and union figures (like Crean, Halfpenny and Kelty) to believe that labour's share of national income from the 1960s and 1970s had created a profitability crisis with implications for employment. This rather begs the question of why these key players came to this view. The impact of the generational effect at the time – as old Keynesians died, retired or, like Coombes, changed their minds – is certainly one important factor. The flow-on effect, as key Labor and union figures encountered university economics departments under the sway of re-energised neo-classical economists, is another.

The great strength of Humphrys' book is its almost forensic examination of what others have said and why the evidence suggest we need to tell a quite different story. This book is crisply and clearly written. While Humphrys pulls no punches, she is, as far as I can, tell fair-minded in her description of what other scholars have said.

The enormous value and significance of Humphrys' book, then, is that it decisively scotches the myth of the Hawke-Keating governments as progressive. Freud (1915) and, later, Russell Jacoby (1975) reminded us that if we cannot remember our past then we are doomed to live on in the grip of the 'unconscious' (*unbewusst*). Like Heidegger (1999), they remind us that the pursuit of truth, which the Greeks called *Alēthia*, requires in that original sense, a process of un-forgetting. Humphrys has carried out this task in an exemplary way.

The ALP and its union affiliates constructed a hegemonic form of neoliberalism which remains alive and well, and is still wreaking havoc. The ALP's more recent support for a neoliberal scheme of disability services (NDIS), as well as the privatised employment service, university fees, and ongoing buttressing of the fossil fuel industry, are symptoms of this. Humphrys' book might, at least, help to remove the swirling fog and enable those who believe the ALP has a future to determine what role, if any, a genuinely progressive party committed to equality, democracy, social solidarity and planetary survival might have. As Tim Battin (1997)

pointedly suggested, if there are no significant problems with relying on markets, as neoliberals insist, then why does Australia need a social democratic party?

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Wendy Brown

In the Ruins of Neoliberalism: The Rise of Antidemocratic Politics in the West

Columbia University Press, New York, 2019, 264pp., \$37.95, paperback.

Reviewed by Ryan Kelpin

Wendy Brown has undoubtedly been one of the most read and important American political theorists of the last twenty years. This is especially true when it comes to scholarly attempts to conceptualise neoliberalism and its relations to Western democracy and the contradictory dynamics of capitalism. Culminating in her popular book, *Undoing the Demos* (2015), a central theme underpinning Brown's oeuvre is that neoliberalism, in the words of Foucault, is best understood as a 'political rationality' that reproduces the conditions necessary for it to thrive in both the economic and social spheres. This intervention was key in the intellectual development of many academics, myself included. However, with the rise of right-populism and spread of authoritarianism in Europe and the United States, her claim that neoliberalism seeks to reduce all life to an economic calculus does not seem to capture the complexity of the present moment.

Enter *In the Ruins of Neoliberalism*, Brown's attempt to reconcile her earlier work with the rising spectre of authoritarianism, which places particular focus on examining the context of the rise of Trump and his associated demagoguery in the US. The goal of Brown (2019: 8) is to understand how 'three decades of neoliberal assaults on democracy, equality, and society' led to a disintegration of society and ideological discrediting of the idea of the 'public good' which, in turn, laid the foundations for those feeling 'economically abandoned and racially resentful'. She argues the continued attacks on liberal democracy (which was already flawed and incomplete) and its institutions by neoliberalism has led to a compounded anti-democratic sentiment that seeks not to reorient liberal democracy to reconsolidate the interests of capital, but to dismantle it entirely.

Brown's primary interlocuters in the book are twofold. The first is represented by Hayek, who she extensively analyses to show how neoliberalism was, from the start, not just an economic project, but one based in moralistic claims to spontaneous orders of action (building on Melinda Cooper's fantastic book, *Family Values* [2017]). The second is Nietzsche, who Brown argues is crucial to understanding the woundedness and nihilism felt by citizens within the context of neoliberalism's destruction of the basic concept of 'society'. For Hayek, the foundations of freedom are reproduced spontaneously not only through the market, but also via morals – where the former decentralises and disintegrates collective politics, the latter constitutes traditional hierarchies and inequalities as the 'real' foundations of society and as a counterweight to the total economisation of everyday life. Simultaneously, the contemporary socio-economic conjuncture – typified by amplified critiques of historical white male privilege, the collapse of the economic power of the blue-collar middle class in the US, and further de-democratisation of the state under neoliberalism – has created a world full of atomised individuals, marked by the 'nihilistic disintegration of a social compact' (Brown 2019: 170). In this context of anti-politics and the dismantling of society, a vacuum has been opened for attacks on technocratic and increasingly distant neoliberal 'democracy' – a space seized-on by those who seek to mobilise with the language of resentment.

While the book is an exceptional contribution to the literature on neoliberalism, democracy and authoritarianism, there are some problematic issues caused by Brown's scope and the way she treats these dynamics and processes. Firstly, by primarily focusing on traditional right-

wing or conservative forms of neoliberalism, she fails to give proper space to liberal and centre-left variants of neoliberalism (*ie.* third-way, inclusive, progressive). By doing so, she downplays the convergence of the left and right in the West as it has pertained to neoliberal discourse and the design of legislation around the neoliberal subject. As we have seen in Western capitalism, the ‘citizen-consumer’ of neoliberalism can easily be reoriented to fit ‘progressive’ policymaking, especially as the organised left has failed to create a substantive alternative. Indeed, both Nancy Fraser (2017) and Ray Kiely (2020) have argued that ‘progressive neoliberalism’ continued the destruction of the working and middle classes by promoting economic liberalism, while also incorporating new identities into its vision through social liberalism. Together, this resulted in an association of the two with each other in the eyes of right-populists.

Secondly, although it is focused on the US, Brown’s book seems to be making larger and more generalised claims about the rise of right-populism and authoritarianism in democracies around the world. Yet, by focussing almost exclusively on (white) nationalism and nihilism, other forms of right-populism and authoritarianism that do not fit this paradigm remain undeveloped in her account. Brown does not leave space for geographical and socio-political contingencies where right-populism and neoliberalism can assemble, rather than the former developing in the ruins of the latter. Previously, Brown has argued that neoliberalism cloaks itself in liberal discourse and institutions (2003: 50). Concomitantly, it is reasonable to attempt to understand whether neoliberalism and its attachment to market fundamentalism is able to cloak itself and reconsolidate itself (or, at least, its key economic tenets, minus globalisation of labour) in the language or performance of right-populism by political elites.

Thirdly, the language of ‘in the ruins of neoliberalism’ implies that neoliberalism is over. Despite the increased critical attention accorded to neoliberalism following the Global Financial Crisis and, more recently, Coronavirus Crisis, such an assumption seems to reduce the complexity of this historical moment, and how it is playing-out across the world and at multiple scales of governance. In this manner, it is more appropriate would be question the *degree* to which right-populism, authoritarianism and neoliberalism assemble in the present, rather than positioning these turns as merely reactive to neoliberalism. We need to consider the ways in which they converge with, and diverge from, one another.

This being said, much like *Undoing the Demos*, Brown's latest volume is a useful text, inviting further engagement and research from readers to comprehensively understand the relations between neoliberalism, democracy and right-populism. It is clear that the theoretical goals of neoliberalism are processual and never completed, resulting in an economic system that its initial proponents had not dreamt of. The same can be said of Brown's understanding of citizens becoming *homo economicus*: it did not come to fruition in the manner that she thought it would after *Undoing the Demos* was followed by an unexpected Trump Presidency. Since liberal democracy is an incomplete project, it remains to be seen the ways in which neoliberalism and right-populism's de-democratising impulses will further hollow-out an already surface-level system of representative democracy. It also remains unclear whether neoliberalism has crumbled into ruins, or if it is reconsolidating and reproducing its key economic principles through new discourses and performances.

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