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# *Introducing Catalyst*

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The first issue of *Catalyst* appears at a profoundly contradictory political conjuncture. It is the moment of the greatest promise for the working class and popular forces since the 1960s, but also one of significant danger. The capitalist system long ago lost the capacity to realize its ostensible historic comparative advantage and justification — to drive unceasing capital accumulation, which makes for self-sustaining economic growth and creates the potential for rising living standards. In response, the world's political and economic elites, minuscule in size, have refocused their efforts, at the levels of both the corporation and government, away from investment and growth and toward upward redistribution of the economic product. This has left the top 1 percent of the US owning 40 percent of US wealth, the top 1 percent of the world's population owning half the world's wealth, and the bottom half of the world's population owning the same amount as the world's richest eight people. To maintain social cohesion, neoliberal elites no longer attempt to co-opt or buy off significant parts of the population, but instead prepare for the expected outbreaks of popular opposition by building up their coercive apparatus — from the massive surveillance of the population to the militarization of the police to the brutal suppression of small and not-all-that-threatening manifestations of resistance.

The consequence is that today's world working class, defined loosely and in its multiple aspects, is little attracted to the neoliberal worldview that constitutes the unanimous and unquestioned ideology of the world's elites and their captive media, an ideology that does nothing for it. It is, on the contrary, open to a gamut of oppositional political perspectives that could set it in motion against its neoliberal, globalizing tormentors. Starting from the Great Recession of 2007 to 2009, we have witnessed an impressive series of militant,

radical political explosions against the established order across much of the globe: the Arab Spring, the Wisconsin public-sector strikes, Occupy Wall Street, the occupations of the squares in Greece, Spain, and Turkey, and the French mass strikes and demonstrations of winter and spring 2016.

But the fact remains that, up to now, in most of the world, right-wing nationalist-cum-populist forces have been able to capitalize on the profound distress and disaffection of working people far more effectively than has the radical left. They have done so by bringing behind them various native working-class constituencies that once constituted the main social base of the center-left parties but have long been ignored by them — notably factory workers and miners hard hit by economic stagnation, technological advance, and globalization. Especially in the wake of the Great Recession, which has brought a plunge in popular living standards of an extent unparalleled since the Great Depression, these nationalist forces have exploited the suffering of broad layers of the population so as to achieve epoch-making victories in the vanguard countries of global nance, austerity, and upward redistribution of income — Brexit in the United Kingdom and, of course, Donald Trump in the United States.

Until now, radical left-wing forces have expressed at best befuddlement and at worst indifference to the indispensable task of challenging the far right for the allegiance of economically depressed, profoundly alienated working-class whites. The adoption of multiculturalism and inclusiveness by neoliberal parties like the Democrats, combined with their refusal to recognize class and class exploitation, has disoriented not only many of those parties' followers but also forces far to the left, who have prioritized their critique of the very real and continuing advantages of white people without placing that critique in the context of the disastrous, decades-long decline of living standards and downward mobility for all workers, including white workers. The simple fact is that these working people have been ravaged by capitalism in its neoliberal form. They will follow a self-styled, anti-neoliberal populist far right that will do little or nothing for them, unless the Left can offer a more viable version of that anti-neoliberal struggle.

There is no reason to believe that, in the foreseeable future, the dominant political elites can secure much in the way of political stability, and every reason to expect opposition on the part of wide swaths of the population. The question is whether a still-embryonic radical left can develop the capacity to exploit the implicit and explicit opportunities that are certain to present themselves in the coming period.

It is *Catalyst's* purpose to provoke and contribute to a collaborative effort to understand

today's political world in order to assist the struggles to change it. To that end, its fundamental task is to promote wide-ranging discussion and to organize debate on the urgent questions facing the working class, the emergent mass movements, and radical and socialist political organizations. What follows is an initial, very partial attempt to lay out for our readers how we understand today's political landscape, a number of its salient features, the openings that are presenting themselves to the movements and the Left, and the problems the Left confronts.

## ***Not Your Parents' Capitalism***

The necessary point of departure for grasping today's politics is the epoch-making decline of the economy over the last forty years or so. This process has transformed beyond recognition the capitalist class across the globe, in its multiple forms and sections, as well as the constraints under which it operates and the politico-economic perspectives it advances. It has imposed on working people, their mass movements, and political organizations around the world the need to thoroughly rethink their strategies for resistance, a project that has barely begun.

Since 1973, the economies of the advanced capitalist countries have performed ever more poorly. The growth of GDP, investment, productivity, employment, real wages, and real consumption have all experienced a historic deceleration, which has proceeded without interruption, decade by decade, business cycle by business cycle, to the present day. The source of this loss of dynamism has been the deep fall, and failure to recover, of the economy-wide rate of profit, a process that took place mainly from the late 1960s to the early 1980s and derived largely from the relentless buildup of overcapacity across the global manufacturing sector. This increasing overcapacity resulted from a process of economic development that has made mincemeat of orthodox economics' understanding of world trade. Instead of deepening the world division of labor along Smithian lines by way of ever greater specialization and complementarity, the most dynamic entrants into the global economy have brought growing redundancy and intensified competition.

The manufacturers of successive newly emerging economic powers have used the latest technology, generally borrowed from the economic leader(s), in combination with relatively low wages, to make export goods that were already being produced for the world

market, *but at a lower price*: Germany and Japan in the 1960s and 1970s; the East Asian newly industrializing countries (NICs) and Southeast Asian tigers in the 1970s, 1980s, and 1990s; and finally the Chinese behemoth in the 1990s and 2000s, with its devastating “China price.” The result has been too much supply compared to demand in one industry after another, forcing down prices and thus profit rates in an unending cycle that has ultimately engulfed its leading progenitors themselves in overcapacity, above all China.

The decline in the rate of profit resulting from intensifying overcapacity has brought about a fall in the surpluses available to corporations, while worsening the prospects to invest them. The result has been an historic weakening of capital accumulation (the growth of investment). The reduction in the rate of return has also provoked an ongoing assault on workers’ wages, benefits, and working conditions, which, by redistributing income upward from labor to capital, has subsidized profits and prevented an even greater decline of profitability. This combination of weak investment and falling wages has made for an ongoing, worsening crisis of aggregate demand, which is the immediate cause of the long slowdown and hangs like a dark cloud over the global economy. Put another way, the very processes by which the profit rate was stabilized prevented that stabilization from increasing the economy’s vitality.

The long-term weakening of aggregate demand brought a tendency toward deeper and longer-lasting cyclical downturns and shallower cyclical expansions and would, sooner or later, have detonated serious recession or even depression had it not been for the historic growth of both public and private borrowing, nurtured directly or indirectly by governments. The turn to Keynesian deficits and easy credit on an ever larger scale was thus a novel and defining feature of the post-World War II era; they did make for a certain stability, which would have been impossible in their absence. However, they also perpetuated the economy’s weakness by preventing high cost-low profit producers from being sufficiently shaken out and superseded by more productive and dynamic ones. The result was that increases in Keynesian subsidies to demand delivered ever smaller increases in supply. Greater stability was thus purchased at the price of declining performance. During the first half of the 1990s, this process reached an initial point of culmination, with the world economy performing worse than in any other five-year period since 1950. Keynesianism had failed, and a subsequent brief experiment with revitalizing the economy by way of balanced budgets in both the United States and Europe only exacerbated its languor.

From the mid-1990s to the mid-2000s, the US Federal Reserve tried to unleash the

economy by turning to ultra-low interest rates to drive up the prices of financial assets — equities and house values. It did so to enhance the on-paper wealth of corporations and households and increase their credit worthiness in the eyes of the banks, thereby enabling them to borrow more and spend more, thus inflating demand. This two-stage essay in asset-price Keynesianism, or “bubblenomics,” succeeded in blowing up equity prices (1995 to 2000) and then housing prices (2001 to 2007). The consecutive bubbles made possible successive booms — first in investment spending, then in consumption expenditures — conveying the impression that the economy had somehow regained its vitality.

That impression was, if anything, even more vivid in the developing world, which enjoyed an unprecedented if brief acceleration of economic expansion, driven largely by China’s rise to the status of workshop of the world. China based its ascent heavily on record exports to the United States, which were fueled by the phenomenal bubble-based explosion of debt-driven consumption there. China’s world-shaking export growth facilitated, in turn, China’s massive imports of raw materials and semi-finished goods from places like Brazil, South Africa, and other parts of Africa, as well as East and Southeast Asia. Economists even at the staid Bank of International Settlements cautiously concluded that the less developed countries might be, for the first time, closing the chasm between themselves and the advanced capitalist countries (ACCs) that had been expanding for half a millennium. At the same time, the astounding growth of the Chinese industrial working class seemed to compensate for the working class’s shrinkage in the Global North, and the vertiginous rise in the annual number of strikes seemed to signal a shift in the primary locus of class struggle on a global scale to the Middle Kingdom.

Nevertheless, it was mostly an illusion. The successive US bubble-based expansions failed to bring increases in earnings and incomes (i.e., profits or wages) that could support the accompanying record increases in stock prices and housing prices. So when the housing-price bubble burst in 2006 and 2007, household wealth evaporated, new borrowings were replaced by rising debt obligations and payments, and spending collapsed. Aggregate demand crumpled, plunging the U S economy — and a world economy that was unalterably dependent upon the US market — into the Great Recession. The worst slump since the 1930s exacerbated the long downturn in the capitalist core that had begun in 1973 and delivered to the developing economies an enormous setback, leaving their futures very much in doubt.

The ensuing recovery has been unworthy of the name, far and away the weakest since the Great Depression. During the US business cycle that began in 2008, the average annual

increases of GDP, capital investment, and labor productivity have been *less than half* the average increases during the long downturn from 1973 to 2007 and *barely one-quarter* the average increases during the postwar boom between 1948 and 1973. The growth of jobs during the same interval has left the workforce participation rate as a percentage of the active population aged 18 to 65 at 59 percent, far below its level of 63 percent in 2007 or the average of 61.7 percent between 1990 and 2007. Real median household income is still not back to its 2007 level, which was itself markedly lower than its peak in 1999 and 2000. Fully 95 percent of households are still bringing in incomes below those of 2007.

Capitalism at the height of the postwar boom, in the mid-to-late 1960s, promised an ever more prosperous future for an ever greater part of the world's population. Much of the world's population was still largely excluded from the benefits of the system, prominently including African Americans and other minorities in the United States, along with much of the citizenry of the less developed world. But few of even capitalism's most radical Marxist critics could convince themselves to argue for capitalism's abolition on the grounds that it was unable to underwrite self-sustaining growth and rising living standards. To found their critiques, they had basically to fall back on the alienation at capitalism's core, along with such secondary traits as consumerism, suburbanization, and repressive de-sublimation.

Today, all that has proved chimerical. In the wake of four decades of continuous economic decline and falling living standards, capitalism's Golden Age promises have been brutally traduced. The call for capitalism's elimination, which not so long ago could be dismissed as unrealistic and utopian, must today be the point of departure for any realistic Left, and reconceptualizing the socialist goal in a form that speaks to today's transformed social economy and enhanced technological potentials must be the highest priority.

## ***What Is Neoliberalism?***

The capitalist system's incapacity to provide more than the semblance of a growing pie has impelled a near-unanimity of the world's economic and political rulers (the top 1 percent by income or above) and their parasitic hangers-on (a periphery of, at best, 10 percent) to make the radical political departure now known as neoliberalism. At the start of the 1970s, US corporations and the state launched an all-out counteroffensive aiming to revitalize the economy by stoking demand in Keynesian fashion and by cutting costs to revive

manufacturing competitiveness. But this only worsened the overcapacity that had brought down profitability in the first place. In the ensuing years, the improved cost competitiveness of East Asian producers allowed them to appropriate ever greater shares of the world market in manufactured goods, leading to a stark reduction in opportunities for profitable investment in the United States except at the highest end, a tendency that was exacerbated by the rise of global value chains that broke industrial production down into its component parts and distributed it to the locations where it could be done most cheaply.

The consequence has been that capitalist classes and their governments, not just in the United States but in the ACCs more generally, have largely ceased attempting to stimulate a new wave of investment and growth, whether through Keynesian deficits, industrial policy, or rebuilding infrastructure in the form of schools, hospitals, highways, bridges, and the like. They no longer believe in the possibility of securing a large-scale revival of profitable production by any means. Instead they have turned to a far-reaching program of politically founded upward redistribution, underwritten by both financial and non-financial corporations and the government, which has had the stunning effect of enabling them, in recent decades, to appropriate an overwhelming proportion of the increases in income annually produced by the economy while expropriating ever more of the already existing wealth of the working class.

In retrospect, the shift to neoliberalism has had two fundamental aspects — austerity on the one hand and politically driven direct upward redistribution on the other. The essence of neoliberal austerity is to free up entry to the market to every economic agent and to subject them to the bracing cold bath of unmitigated competition, imposing survival of the fittest as first principle, the ostensible benefit being lower prices for every commodity, above all labor power. Marketization has weakened, if not eliminated, all protections from the adverse impacts of competition, such as trade unions, the welfare state, employment regulation, and consumer protection. It has also meant lower barriers to international trade and investment as well as the de facto elimination of antitrust laws, not to mention government macroeconomic policies that enable inflation.

Neoliberalism has demanded, too, increasing the numbers and quality of players in every market. This has meant extending access to those previously excluded by their geographic or national position (i.e., globalization). It has also meant including those previously excluded by discrimination along racial, ethnic, and gender lines, implicitly to bring the representation of every group in all income levels and occupations into line with their proportion of the population (i.e., multiculturalism). Marketization has meanwhile

returned to the private sector activities that had long ago been taken over by the state, such as health care, education, and infrastructure.

The publicists for neoliberalism like to speak of increasing freedom and promoting equality of opportunity. They seek to equalize the legal position of the players in the market, without mention of equalizing the initial assets they possess (that would defeat the whole purpose). The beneficiaries of increased liberty have thus been entirely predictable. Those entering the market with the most assets, in terms of capital (means of production), technological capacity, innovative potential, and knowledge, have appropriated ever more income. Put another way, ever greater income and wealth go to those economic activities that are most difficult to enter, where competition is least intense because of the levels of innovative capacity, technology, means of production, and human capital required. Oligopolists like Apple, Facebook, Google, and Microsoft are emblematic in this regard. Correspondingly, ever less income and wealth go to those activities that are easiest to enter, where competition is most intense, above all the sale of unskilled labor power. While neoliberal multiculturalism may thus call in theory for equalizing representation of blacks, Latinos, and women, the fact that members of these groups tend on average to enter the market with the lowest levels of capital, education, skill, and capacity to innovate ensures the very opposite.

Neoliberalism's second aspect has probably been even more consequential in terms of effecting the upward redistribution of income and wealth, but it has gone unheralded by pro-capitalist publicists for the straightforward reason that it goes directly against supposed neoliberal values and capitalist principles. This has taken place by way of governments and corporations handing over to a tiny number of favored individuals exclusive access to politically constituted economic opportunities yielding fabulous sums of money. The chief beneficiaries are the allied political party leaders and top corporate managers who have been mainly responsible for the installation of the neoliberal political economy across the capitalist world, relieving them of the need to engage in the messy and uncertain processes of producing for profit in competitive markets or of high-risk investing in the financial markets.

In recent decades, the mechanisms of politically constituted rip-off have included granting massive tax cuts to the rich and the corporations; facilitating investment in government debt on the part of the rich at ultra-high interest rates; privatizing public assets at far below market value; paying obscenely high wages to CEOs; and central banks using low interest rates to drive up the value of stocks and bonds, which are owned almost exclusively by the

very rich. Perhaps the most egregious politically driven rip-off has occurred by way of the ascent of the financial sector, where the privatization of acrophobia-inducing profits for a thin layer of top managers has been made possible by governments' socialization of trillion-dollar losses.

The entirely political nature of the powers and privileges that have been handed over to top corporate managers and their politician allies at the core of neoliberalism could hardly be clearer in what might be seen as the *reductio ad absurdum* of the whole process — the politically driven suspension of law enforcement with respect to the financial magnates. The US government (and others) have increasingly accommodated the open criminality of the banks, as demonstrated by the declining number of arrests made over time compared to the rising amount of loot appropriated. The savings-and-loan scandals of the 1980s and early 1990s saw hundreds of arrests of relatively small-time crooks who stole what now would be considered peanuts. There were around two dozen arrests from the much more impressive circle of criminal manager-entrepreneurs, who ripped off hundreds of millions of dollars from tech giants such as Enron, Global Crossing, and WorldCom in the New Economy scandals of the late 1990s and early 2000s. Arrests so far have totaled zero for the very top bankers at the world's largest international banks, who have masterminded and profited from the outright larceny that brought their institutions one hundred billion dollars or more through the LIBOR, foreign exchange, drug-lord money-laundering scandals of the last decade or so. It is no exaggeration to say that these magnates are literally above the law, and the Obama administration explicitly acknowledged them as such, in statements by former US attorney general Eric Holder and Lanny Breuer, then head of the criminal division at the Justice Department.

A parallel process of ever increasing corruption and acceptance thereof could be charted for many of the world's leading politicians by laying bare the close correlation among the level of income or payoff, the amount of power and prestige of the politician, and the degree of adoration by the media. The list would feature not only such notables as the Clintons, the Blairs, and Silvio Berlusconi, but their ostensibly more traditional European counterparts Helmut Kohl and Gerhard Schröder in Germany and Jacques Chirac and Nicolas Sarkozy in France, whose terms in office featured secret slush funds, the embezzlement of taxpayer money, and lucrative favors for highly placed friends. These egregious figures have constituted the vanguard of neoliberalization on a world scale, and they have elicited round after round of ever louder applause from a tiny number of giant media corporations — their partners in crime, whose oligopolies they nurtured. As flabbergasting as Hillary Clinton's gall was in taking a total of \$21.5 million from leading

Wall Street banks for ninety-two speeches over a two-year period between 2013 and 2015, even more astounding was the ingratiation with which this revelation was greeted by the sycophantic media. Only Bernie Sanders's awkward appearance on the scene spoiled the celebration.

The Republicans and Ronald Reagan had led the initial political breakthrough to neoliberalism in 1980 and 1981, suddenly introducing, with the Democrats' full approval, measures that directly distributed income to corporate leaders and the rich by political means that came to distinguish the new regime. The result was to drive an historic shift in income distribution to the top 1 percent that would persist up to the present. But the problem for the Republicans was that, since the beneficiaries of this largesse were so few, their signature policies promised little gain for the white workers they were attempting to bring behind them — workers who, not coincidentally, were being subjected to the most devastating reductions in their living standards since the Great Depression, thanks to rising Social Security taxes and decreasing social services, as well as falling real wages and rising unemployment. The answer that the GOP hit upon, seemingly too superficial for words, was to build on their covert, if patently obvious, racist commitment to favor whites, the silent majority, over blacks by turning to “social issues,” from crime to opposing gay rights and abortion and so on. Still the Republicans' resulting dependence on their voting base to act politically against its material interests for the duration was an unstable solution.

Bill Clinton famously took up the baton of neoliberalism from his Republican forebears and consolidated the project they had initiated, a necessary departure for the Democrats if they were to continue to compete successfully in terms of fundraising. In particular, Clinton won over an impressive phalanx of top bankers by putting into place a series of major pieces of legislation favoring nance that were to shape the economy for the next decade and beyond. But this shift toward Wall Street left the Democrats' working-class and black constituencies in the lurch. To compensate and distract, the Democrats turned to propagating multiculturalism, hoping in particular to attract and nurture an expanding base of supporters ever higher on the income scale. But as with the Republicans, the shift to neoliberalism left their traditional lower class supporters behind, a problematic strategy beyond the short run.

The fast-emerging outcome was that the Democratic and Republican neoliberal fraternal twins came to look ever more like identical ones in terms of the issue of class. In particular, the Democrats came to represent the wealthy virtually to the same degree as did the Republicans. What differentiated them was political-cultural identifications —

multiculturalism for the Democrats and “social issues” for the Republicans. But political parties that catered in material terms only to the very well off could hardly stabilize their own political positions. In this, as in so many other respects, a dozen years of bubbleonomics provided a temporary escape from reality, allowing the two parties to postpone confronting the problem of speaking to the material interests of the very large lower-class voting constituencies that were crucial for both. But they could not put it off for very long.

For the time being, the turn to neoliberalism could hardly have been a more resounding success for the tiny corporate and political elite at the top of the scale of income and wealth. It brought, especially by way of its distinctive forms of politically constituted plunder, an otherwise inconceivable — and historic — redistribution of income upward to the top 1 percent, from 10 percent in 1980 to 23.5 percent in 2007, a level previously reached only at the end of the roaring 1920s on the eve of the stock-market crash. The top 1 percent appropriated no less than 95 percent of the total increase in income between the Great Recession and 2013. As the other side of the coin, the real wages of production and non-supervisory workers, composing the bottom 80 percent, did not increase between 1972 and 2012 (falling, in fact, by just under 10 percent). This meant that the US working class could not get a raise above its starting salary for forty years.

### ***From Consent to Coercion: A Crisis of Legitimacy***

With their failure to propel growth, their imposition of ever more extreme austerity on working people, and their blatant rip-off of the bottom 90 percent in the interest of the top 1 percent, neoliberal elites have largely forfeited the political legitimacy enjoyed by the capitalist ruling class of the preceding epoch, which won its leadership position in the first instance by accumulating capital and inciting growth, bringing about fast rising employment and real wages. With their politico-ideological hegemony in doubt, today’s official ruling parties, from right to left, have begun preparations to use fraud and force in the event of resistance. One should avoid exaggerating the degree to which this trend toward repression has already been realized in the capitalist core, where basic freedoms are still largely intact (although these have always been restricted, at best, for African Americans). So far, in that part of the world, it has been mainly a question of locating and monitoring potential oppositionists, such as with the US government’s extraordinary

program to surveil literally the whole population, revealed by Edward Snowden; the attempt to intimidate, while preparing to repress, radical activists, as with the militarization of police departments the world over; and the use of political repression sooner rather than later to put down militant movements of opposition, such as the dispersal of Occupy.

The fact remains that we are already witnessing major episodes of much more serious repression, involving states of emergency, suspension of liberties, and the disestablishment of formal democracy. These have so far been confined largely to the periphery — for example in the states of emergency accompanying politico-military coups in Egypt and Turkey (although France, too, remains in its own state of emergency more than a year after the terror attacks in Paris). Yet where large-scale explosions of resistance from below have not only disrupted public order but also threatened to extract major gains from the corporations, the core has been hardly immune from political repression. During the first half of 2016, the François Hollande government was unable to push through a new law to deregulate the French labor market in the face of a huge, militant mass movement bringing together allied contingents of workers, school kids, and urban middle-class youth, a movement that enjoyed the overwhelming support of the general public. But Hollande nonetheless forced its passage entirely undemocratically, essentially by at, using a provision of the constitution specifically enacted for just this sort of occasion. In a somewhat different register, Germany and its north European partner states have inflicted a kind of a mass torture on the Greek population, imposing extreme measures of austerity that are explicitly intended to bring about pauperization and demonstrating the lengths to which these states will go to crush resistance and make an example of resisters. It would be foolish to believe that this could not happen elsewhere in the capitalist core.

### ***Social Democracy's Collapse into Neoliberalism***

The world's social-democratic and liberal-left parties rose to great heights during the long postwar expansion. Nevertheless, their prospects even then were profoundly constrained by the political priorities of the party politicians and trade-union leaders who headed up large apparatuses of well-paid officials. The latter saw their fundamental interest as nurturing the parties and unions that constituted their material support — that provided their salaries, established their career paths, and constituted their whole way of life. These

leaders' overriding commitment to protecting their organizations from threats both from above and from below led them to adopt a political strategy that sought to increase wages, benefits, and social welfare gains *gradually*, so they could accommodate the economic and political needs of capital while minimally satisfying their members. This meant putting capitalist profits first as the precondition for capital accumulation and the growth of employment and wages, while avoiding at all costs direct confrontations with employers and the state. Such confrontations could easily endanger their party and trade-union organizations. This strategic perspective implied, as a tactical matter, state-regulated collective bargaining, corporatist forms of state regulation of capital-labor relations, and the electoral road, supplemented from time to time by strictly routine, limited strike action — rather than ever broader forms of mobilization of the trade union and party memberships. Their dependence upon these methods is what makes the social democrats and trade unionists *reformists* — not the fight for reforms, which is incumbent on all organizations that presume to represent working people.

This strategy worked reasonably well during the long upturn, when high profits and rapid capital accumulation allowed social-democratic organizations, along with the trade unions, to secure steady material improvements for their memberships and the citizenry. But when profitability began to fall from the mid-1960s to the mid-1970s, social-democratic leaders and trade-union officials were progressively disarmed or disarmed themselves. At first they obliged their followers to accept restraints on wages and benefits, as well as to moderate their fight to defend the welfare state, in hopes that this would allow their employers to restore their rates of profit, regain previous levels of investment and growth, and, on that basis, once again provide steady improvements in living standards. But as it became ever clearer that granting concessions would not actually incite employers to raise their rates of capital accumulation, that the economy would continue to stagnate, and that austerity was a permanent fact of life, party leaders, along with their trade-union counterparts, found themselves pretty much sidelined, waiting for the economy to recover its dynamism.

When ruling classes just about everywhere embraced neoliberalism, social-democratic and allied trade-union leaders had no choice. Having long ago abandoned militant class struggle, they had no viable path to winning economic gains for their followers, but the extreme political position adopted by the leading capitalist parties did offer them a way forward. They could set themselves up as a kind of lesser evil, in effect joining their adversaries in implementing neoliberal policies while holding out the hope of offering minimal concessions to working people that their adversaries would not grant.

Over the past thirty or more years, formerly social-democratic parties around the world have functioned as the left wing of neoliberalism, taking part, with their center-right rivals, in an electoral revolving door. Democratic and social-democratic parties often took the decisive steps if not to originate the neoliberal thrust, as in Australia or New Zealand, at least to make it irrevocable and further consolidate the shift in that direction. Witness Bill Clinton in the United States, Tony Blair in the United Kingdom, Gerhard Schröder in Germany. The trend has only deepened since the Great Recession, highlighted by Hollande's abrupt shift to the right after winning election on a program of breaking with neoliberalism. Most of the rest of Europe has followed the same path, as has the Democratic Party in the United States, where Barack Obama, though embracing neoliberalism even more fully than Bill Clinton and George W. Bush, won two elections thanks to the Republicans' plunging even further to the right.

Social-democratic organizations' universal defection to the ranks of neoliberalism has deprived working people of any mass political party that even remotely pretends to represent them, leaving them without a political voice. The outcome is an enormous political vacuum, completely unprecedented since at least the start of the twentieth century. The question is whether any new political formation on the left can organize a credible alternative that can stem the plunge of popular living standards, offer an anti-capitalist point of departure, and begin to craft a convincing version of socialism for our time. Such a formation must do so against the opposition of the neoliberalized social democratic parties and mostly without the support, at least for the time being, of trade-union organizations implicitly or explicitly tied to those parties. Nevertheless, they will have plenty of openings to do so.

### ***Evolution of Resistance: A Learning Process?***

The great housing and credit market crash of 2007 and 2008 and the ensuing Great Recession thrust working people across the world into a new ice age to which they have barely begun to acclimatize. Tens of millions lost their jobs and were obliged, if they were lucky enough, to accept much worse ones. Almost as many lost their homes and thus a great part of their accumulated wealth. Their power to borrow and to consume plummeted; "food insecurity," the risk of starvation, threatened shockingly large numbers of families.

But the coup de grâce was delivered by governments. In an astoundingly skewed but entirely predictable response to the collapse, the two US neoliberal parties led a coordinated and expensive bailout of the global financial sector, preserving the banks that had inflated and burst the stock market and housing price bubbles, along with the wealth of the 1 percent. They saw no moral hazard in privatizing the gains and socializing the losses of the financial sector. Equally predictably, they declined to bail out the underwater mortgages of ordinary citizens, moralizing against their profligacy, even though such a bailout would have been far cheaper and much better for the economy. Flaunting their hypocrisy, neoliberal rulers in much of the advanced capitalist world, notably across most of Europe, took the opportunity to try once and for all to destroy the remaining institutions protecting workers, their living standards, and their leverage in the labor market, namely the trade unions and the welfare state. Bailouts for the capitalist class, brutal austerity for the working class was the rule virtually everywhere, backed by both neoliberal parties.

At the start, governments, led by the United States, did implement a short and shallow burst of Keynesian deficit spending/subsidy to demand, which did at least prevent total depression. Soon, however, neoliberals on both sides of the Atlantic returned to their touchstones — austerity and politically driven rip-offs. Rather than stimulate consumption and investment to catalyze capital accumulation, they turned to ultra-cheap credit to increase returns on investment in stocks and bonds, the benefits of which the top 1 percent monopolized. The wave of popular revulsion that resulted engulfed ever broader sections of the citizenry and has driven a long wave of punctuated political resistance, on both the right and the left.

## ***Revolt of the Right***

Symptomatically, it was the political right which initiated popular opposition in the United States. Massive protest from below, emanating largely from an outraged Republican base, greeted Treasury Secretary Henry Paulson's Troubled Asset Relief Program bank bailout bill and forced its defeat when it was first brought before Congress. It took the congressional Democrats, led by New York senator Chuck Schumer, a leading apostle of Wall Street (despite his liberal bonafides), to save Paulson's bacon and that of the banks.

As the Great Recession came to an end, if only formally, a key section of the Republican

base lurched further rightward, led by a far-right pro-business network headed by the Koch brothers. These Tea Party Republicans wanted to reduce taxes, eliminate regulations on industry and the environment, and destroy trade unions. Their tactics included paralyzing the state by way of blocking budgets or threatening to refuse to raise the debt ceiling. Though they booted out establishment Republicans in primary challenges, in the end, they represented the party's neoliberal politics, if an ultra-radical version.

Two developments transformed the situation. First, the awful deterioration of living standards set off by the Great Recession, which continued processes of decline going back a decade or more, brought special torment to the population of white workers, particularly the less educated layer upon which the Republican Party had so long relied for its successes as a viable electoral competitor. These workers, especially the middle-aged among them, have suffered horrific levels of drug addiction, alcohol poisoning, suicide, and generalized despair, which have been increasing since around the turn of the millennium. As a result, after falling at a rate of 2 percent per year between 1978 and 1998, the mortality of US whites *rose* by a half a percent per year through 2013. This while their black and Latino counterparts, and indeed every other group of workers in Europe and the United States, continued to sustain falling death rates at pretty much the same pace as before. In the same interval, the number of deaths of middle-aged Americans with a high school degree or less increased by 134 per 1,000 people, a jump in the death rate of no less than 20 percent. This profound socioeconomic collapse opened the way for a new message that would speak directly to white workers' condition.

The second development was the emergence of a credible political force that could speak to these needs — Donald Trump. From the beginning, he put front and center a list of populist-nationalist economic demands supposedly designed to defend American workers. This included opposition to immigration and trade deals, attacks on finance, and, from time to time in a twisted manner, threats to reduce military spending and punish corporations that export jobs. Trump melded this economic nationalism/populism with a mélange of racist, anti-Latino, Islamophobic, and misogynist invective. The racism and misogyny heightened the economic nationalism and the economic nationalism intensified the racism, increasing his message's potency.

The latter combination represented — if only in rhetoric — a resounding break with neoliberalism, endowing white workers with what seemed like an alternative political vehicle. This break was rendered all the more powerful because Trump's ability to win white workers was paralleled by the abject failure of Hillary Clinton — the embodiment of

neoliberalism — to inspire working-class people of any color across the country. Similar dynamics had already brought victory for a similar alliance of forces, with native workers and low turnout playing a central role, in the passage of Brexit in the United Kingdom, and they were also in play in the campaigns of Marine Le Pen and the National Front in France and, if to a much lesser extent, in the victorious vote against the pro-Europe, pro-neoliberal constitutional reforms advanced by Matteo Renzi in Italy.

## *The Left's Progress*

Meanwhile, resistance on the Left in the wake of the Great Recession has evolved through three distinct, if overlapping, phases.

### **I. STREETS AND SQUARES: AUTONOMOUS ANTIPOLITICS.**

The series of extended mass demonstrations and occupations in public spaces that marked the Arab Spring set the pattern for the initial phase of rebellion from below and from the Left. It was followed by the trade union–social movement takeover of the Wisconsin state house in defense of the union rights of public-sector workers against a far-reaching assault on labor unleashed by a right-wing governor. The next two or three years witnessed analogous long-term occupations, with radical politics, highlighted by the *indignados* movements that took over the Puerta del Sol in Madrid, Syntagma Square in Athens, and Taksim Square in Istanbul.

The movements' politics were similar almost everywhere, at least in the large occupations. Their programs targeted the neoliberal regimes across the board, featuring opposition to austerity and the rule of finance and support for the homeless and ill-fed. The strategy, or political method, was bottom-up democracy and movement autonomy, meaning independence from all traditional political parties and the bureaucratized trade unions: a self-styled “antipolitics.”

The isolation of these movements, the flip side of their autonomy, proved their undoing. This was hardly all their own fault; they received minimal support from the established left

parties and trade unions. But their failure to concern themselves with establishing ongoing organizations, however rudimentary, with political programs, however tentative, made it impossible for them to see to their own futures, to provide continuity to the political thrust of the occupations as the energy that sustained them inevitably waned

## **II. ELECTORALISM: OFFICE WITHOUT POWER.**

In the wake of the dissolution of the mass movements behind the anti-political occupations, there emerged a very different sort of political wave, one that focused on the electoral struggle. Its exponents have sometimes claimed to provide the politics and organizations that had been lacking in the previous phase of militant self-organization and political autonomy yet needed to realize its political goals. But they are mainly motivated by the hope of filling the gaping political vacuum left by the social-democratic parties since the latter organizations had made clear their abject submission to their northern European rulers, especially with respect to honoring their external debts and enforcing austerity programs to pay for them.

Both Syriza in Greece and Podemos in Spain thus sought to exploit the near-universal disgust of their electorates with the political perspectives and the extreme corruption of their respective neoliberal political establishments. Syriza was a complex alliance of political organizations, but its leadership and their followers, always dominant within the party, functioned like a classical social-democratic outfit. They sought to control the party with little consultation from the membership as a whole and made every effort to isolate and destroy their political opponents inside the organization, minimizing, for example, the number of meetings of the party's leading bodies. Their aim was to create an essentially one-faction organization, that of the leadership, so as to gain the freedom to maneuver politically to avoid at all costs confrontations with the powers that be, above all Germany and its allies.

Syriza identified itself with the powerful mass struggles that had been animated by the death, in December 2008, of Alexandros Grigoropoulos at the hands of police, by the occupation of Syntagma Square in 2010, and by the dynamic antiausterity movement that arose in response to worsening economic conditions and the power of the Troika. But as this wave of struggles subsided, Syriza focused almost entirely on electoral campaigns — because to mobilize mass movements was to risk potentially destructive confrontations

with Greek and European political elites. In the end Syriza could not avoid the mass refusal of austerity, expressed in the “no” vote on its own referendum on the terms of the EU memorandum. But it ended up getting around it, eventually imposing an even more severe program of austerity and claiming that “there is no alternative.”

Podemos’s experience so far has been a pale carbon copy of Syriza’s. Podemos acquired sudden dynamism when a handful of university professors, known for hosting a successful talk show, sought in the wake of the *indignados* movement to build a party like Syriza, to the left of the discredited Spanish Socialist Workers’ Party (PSOE). The program they put forward was ambiguous in the extreme, focusing on corruption as a lowest common denominator and downplaying class domination and even class division in Spain. Yet they managed an initially stunning electoral showing.

Nevertheless, the apparently emerging electoral dominance of Podemos was cut short by the rise of a similarly ill-defined anticorruption political party, this time to its right. Podemos could now move forward only by giving itself greater political definition. But to put actual weight behind any reform program it might put forward, it would have to nurture mass struggles in the shops and in the streets, the only real source of power for the Left anywhere. This would run the risk of subjecting its organization to political reprisals, from the local state and its north European sponsors. Whether Podemos will be willing to attempt such a demarche remains very much in doubt.

### **III. TOWARD SYNTHESIS? THE FRENCH MASS MOVEMENT AGAINST HOLLANDE’S LABOR REFORM LAW.**

When in 2016 the Hollande government announced a wide-ranging reform of the French labor code designed to weaken its protection of workers, it provoked a stunning popular reaction that went from strength to strength with the support of clear majorities of the French citizenry, as registered in public opinion polls. The movement exhibited, from the start, growing militancy and a breathtaking spread, with strikes, demonstrations, and occupations all across the country. What made for its impressive power was the succession of broadening alliances among social constituencies that had hitherto been separated forged with one another. As in few, if any, other instances since the Great Recession, a major trade-union federation entered into the fight against austerity. The General

Confederation of Labour (CGT), traditionally cautious of confronting its erstwhile allies in the Socialist Party, called and supported recurrent general strikes as well as blockades of ports, refineries, and nuclear power stations. Meanwhile, parallel militant movements of young people arose: first takeovers of high schools, then recurrent occupations of Place de la Republique, which became known as Nuit debout. Compared to its predecessors, like the *indignados* in Spain, deriving from the same social layers, Nuit debout called for the broadest possible alliance, including trade-union federations, as the key to victory. While the promise of such an alliance was never quite realized, it was equally supported by the leadership of the CGT, who were being pushed by an increasingly agitated membership to join forces with the youth. The realization of this unification, in mass demonstrations on the large days of action, occurred despite initial conflicts between union stewards and radical youth. These were defused when the union leadership conceded the leadership of the demonstrations to the youth and the mass of unionized workers against an increasingly violent police repression.

These united movements managed to achieve what are, in an important sense, the biggest triumphs of the long cycle of struggles, and it is clear that the alliances forged among organizations representing diverse social layers were what enabled them to amass greater power and political effectiveness than most of their predecessors since the Great Recession. At one point, the French government sought to invoke the emergency law against the movement to ban demonstrations, but had to back down. Nor in the end was the government able to win an outright victory to get the law approved. The opposition, backed up by an overwhelming majority of the public, was too powerful. In a sense admitting political defeat but nonetheless insistent on securing its antilabor reform, the government was obliged to resort to a special power, Article 49.3 of the French Constitution, to pass the bill without a vote in Parliament.

### ***In Place of Conclusion***

Throughout most of the history of capitalism, the world's capitalist classes have justified their rule with one or another version of the famous slogan that "what's good for General Motors is good for America." This means that it is in everyone's interest, including the working class, to see first to the profits of the employers, because only if the latter can make a profit will they be willing to accumulate capital and, so long as capitalist property

relations prevail, only if they accumulate capital (increase investment and employment) can working people increase their living standards. Put differently, in order to make profits for themselves, capitalists have generally had no choice but to hire workers and pay them wages, along with purchasing means of production.

But in the last thirty years or so, this cliché has ceased to hold — and the world's capitalist classes no longer really proclaim it. During this period, the increase in income going to the capitalist class has resulted ever increasingly from the upward redistribution of income and wealth, rather than its production. Redistribution has taken place in basically two ways: by the process of production and by skipping production altogether. On the one hand, employers, while reducing investment to ever more derisory levels and securing equally derisory increases in productivity, take their income/profits by paying workers decreasing wages or slowing wage growth or speeding up work. Second, capitalists, and the rich more generally, transfer income and wealth directly from working people to themselves through politically constituted rip-offs: reducing taxes on the corporations and the rich and so on. Capitalist classes can no longer justify their rule by asserting that they must provide for workers if they are to enrich themselves. They cannot contend that “what's good for Goldman Sachs is good for America,” because making money for Goldman Sachs or its counterparts in today's ruling class so often benefits no one but themselves.

The outcome has been disastrous for working people across the world, but it has also made for an enormous political opening. Capitalism can no longer secure the positive adherence of working people to the system because it does not provide for their needs, and everyone knows that. They must rely instead on two negative motivations to command allegiance: people's fear of losing their jobs, or that there won't be any, and people's fear of brutal repression or punishment if they attempt to fight back. The emergence of these brutal conditions has engendered the marked step-up of class struggle that has taken place since the Great Recession.

That said, there has so far been a stunning failure on the part of the opposition movements that is painfully clear to everyone. Even the most highly unified and sophisticated struggles have failed to provide for their own continuation and to prepare for the next round. Their progenitors have been unable collectively to draw a balance sheet on the battles they have pursued, derive the appropriate political lessons, and attempt to figure out what these lessons imply for taking the struggle forward with greater success and effect. Nor have they been able to constitute the political collectivities required to enable those who wish to continue to fight to keep on organizing and learning, even as their own specific struggle

comes to an end. To put it most simply and crudely, those who have pursued the series of economic and political fights that have broken out and evolved against the background of ongoing economic stress since 2007 have made no serious effort to build political organizations or develop political programs, despite the obvious necessity of doing so. To make this observation is to state the obvious. But confronting the yawning gap between objective potential and subjective capacity is no less urgent because it so plain to see.

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#### ABOUT THE AUTHOR

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